

**EXHIBIT 119 TO DECLARATION OF VALERIE SCHUSTER**

**FILED UNDER SEAL**

*TZVI WEISS, et al. VS.  
NATIONAL WESTMINSTER BANK, PLC*

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*GARY WALTERS  
June 8, 2011*

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1 UNITED STATES DISTRICT COURT  
2 EASTERN DISTRICT OF NEW YORK  
3 -----x  
4 TZVI WEISS, et al.,  
5 Plaintiffs,  
6 -against-  
7 NATIONAL WESTMINSTER BANK, PLC,  
8 Defendants.  
9 -----x  
10 NATAN APPLEBAUM, et al.,  
11 Plaintiffs,  
12 -against-  
13 NATIONAL WESTMINSTER BANK, PLC,  
14 Defendants.  
15 -----x  
16 One Liberty Plaza  
17 New York, New York  
18 June 8, 2011  
19 9:30 a.m.  
20  
21 Videotaped Deposition of  
22 GARY WALTERS, before Shari Cohen, a Notary  
23 Public of the State of New York.  
24  
25 ELLEN GRAUER COURT REPORTING CO. LLC  
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17 EXHIBIT DESCRIPTION FOR I.D.  
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19 Exhibit 44 Document, Bates labeled 250  
20 NW 13698  
21  
22 (Exhibits 15, 19, 21, 26 and 41 not used)  
23  
24  
25 (EXHIBITS TO BE PRODUCED)

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<p style="text-align: right;">Page 9</p> <p>1 WALTERS</p> <p>2 would maybe reword it slightly, but the basis</p> <p>3 of the report is my report and reflects my</p> <p>4 opinions.</p> <p>5 Q. What are the one or two typing</p> <p>6 changes?</p> <p>7 A. I would have to go right back</p> <p>8 through it to check. I'm not sure if it's in</p> <p>9 this one or the second report there was a</p> <p>10 date, for instance, that was wrong.</p> <p>11 Q. In the second category that you</p> <p>12 referred to, is there anything of substance</p> <p>13 that you believe in this report is incorrect?</p> <p>14 A. No, I don't believe there is.</p> <p>15 Q. All of the information you</p> <p>16 relied upon in forming your opinions in this</p> <p>17 report is identified in the report, correct?</p> <p>18 A. The report was written based on</p> <p>19 documents I received and are marked in the</p> <p>20 report, but it was also on my general</p> <p>21 experience, general reading, general</p> <p>22 knowledge from my experience so I haven't --</p> <p>23 it would be impossible to document every</p> <p>24 document that I have ever read on these</p> <p>25 topics.</p>	<p style="text-align: right;">Page 11</p> <p>1 WALTERS</p> <p>2 detective sergeant.</p> <p>3 Q. What borough was that?</p> <p>4 A. The borough of Hounslow.</p> <p>5 Q. Did your CV exist in this form</p> <p>6 before it was included in your report?</p> <p>7 A. No, it didn't.</p> <p>8 Q. This CV was prepared</p> <p>9 specifically for this report?</p> <p>10 A. Yes, it was.</p> <p>11 Q. Have you ever prepared a CV</p> <p>12 before?</p> <p>13 A. No, I haven't.</p> <p>14 Q. I'm going to show you what's</p> <p>15 been marked as Exhibit 2 and ask if you can</p> <p>16 identify this as your second report in these</p> <p>17 cases?</p> <p>18 A. This is my second report.</p> <p>19 Q. And your signature appears on</p> <p>20 page 37?</p> <p>21 A. Yes, it does.</p> <p>22 Q. Exhibits 1 and 2 contain all of</p> <p>23 the opinions you intend to express in these</p> <p>24 cases, correct</p> <p>25 A. Subject to what we discuss here</p>
<p style="text-align: right;">Page 10</p> <p>1 WALTERS</p> <p>2 Q. Annex 1 is an introduction to</p> <p>3 FRA and your CV, correct?</p> <p>4 A. That's correct, yes.</p> <p>5 Q. Is annex 1 correct, is it</p> <p>6 accurate?</p> <p>7 A. I believe it to be accurate</p> <p>8 although I did -- I think on reviewing it I</p> <p>9 noticed I seem to have missed and I do</p> <p>10 apologize I seem to have missed 1990 to '94</p> <p>11 in my career. There's a gap.</p> <p>12 Q. What took place during those</p> <p>13 years?</p> <p>14 A. During those years between 1990</p> <p>15 and 1992 I was promoted to sergeant and at</p> <p>16 that time in the metropolitan police that</p> <p>17 covers London there was a policy that</p> <p>18 detectives should return to uniform for a</p> <p>19 period of time so I went to a borough as a</p> <p>20 uniformed officer for a short period although</p> <p>21 I dealt -- whilst there I dealt with a lot of</p> <p>22 crime and then got seconded onto a major</p> <p>23 investigation from which I then spent two</p> <p>24 years, I moved from there in I believe '92 to</p> <p>25 '94 I worked at a different borough as a</p>	<p style="text-align: right;">Page 12</p> <p>1 WALTERS</p> <p>2 today these are my opinions, yeah.</p> <p>3 Q. Appendix 1 to your second</p> <p>4 report identifies all of the documents on</p> <p>5 which you relied in writing this report,</p> <p>6 correct?</p> <p>7 A. That's correct.</p> <p>8 Q. Does this include all of the</p> <p>9 documents you reviewed?</p> <p>10 A. No, I looked at -- I was</p> <p>11 supplied with all of the documents that had</p> <p>12 been supplied -- to my understanding that</p> <p>13 were supplied by the defendants and as I have</p> <p>14 said there is also numerous things I have</p> <p>15 read outside of this particular case and from</p> <p>16 my experience.</p> <p>17 Q. Things you read before your</p> <p>18 work on this case?</p> <p>19 A. Yeah and since then things that</p> <p>20 I read that don't directly relate to this</p> <p>21 case, but in the general area may become</p> <p>22 relevant.</p> <p>23 Q. Let's focus on the first</p> <p>24 category you referred to. Did you review all</p> <p>25 of the documents that Nat West produced in</p>

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<p style="text-align: right;">Page 13</p> <p>1 WALTERS</p> <p>2 these cases?</p> <p>3 A. Yes.</p> <p>4 Q. What other materials did you</p> <p>5 look at in connection with preparing your</p> <p>6 report to which you just referred?</p> <p>7 A. In preparing my reports I</p> <p>8 looked at some websites, I looked at --</p> <p>9 refreshed my memory on some general reading</p> <p>10 in order to try and make sure that what I was</p> <p>11 saying was accurate and correct.</p> <p>12 Q. What websites did you look at?</p> <p>13 A. There is a number that I tried</p> <p>14 to mark them in the report, for instance, the</p> <p>15 metropolitan police website itself in order</p> <p>16 to be sure of dates although my knowledge of</p> <p>17 the metropolitan police is very good. I</p> <p>18 didn't want to make statements which later I</p> <p>19 found I just made an error.</p> <p>20 Q. What general reading did you</p> <p>21 do?</p> <p>22 A. Well, I read numerous articles,</p> <p>23 publications in relation to anti-money</p> <p>24 laundering, in relation to terrorist</p> <p>25 financing, in relation to financial crime</p>	<p style="text-align: right;">Page 15</p> <p>1 WALTERS</p> <p>2 the names of any of those?</p> <p>3 A. No, I can't recall.</p> <p>4 Q. Appendix 2 lists all the</p> <p>5 depositions that you referred to in your</p> <p>6 rebuttal report, correct?</p> <p>7 A. Yes.</p> <p>8 Q. Are these all of the deposition</p> <p>9 transcripts that you reviewed?</p> <p>10 A. No, I reviewed the deposition</p> <p>11 transcripts that were taken.</p> <p>12 Q. You reviewed every deposition?</p> <p>13 A. Yes.</p> <p>14 Q. How did you first become</p> <p>15 involved in these lawsuits?</p> <p>16 A. I was asked by FRA whether I</p> <p>17 would be happy to be a testifying witness in</p> <p>18 this case.</p> <p>19 Q. Who from FRA asked you that?</p> <p>20 A. I was initially approached by</p> <p>21 Tobie Duthie.</p> <p>22 Q. How did he come to ask you?</p> <p>23 A. FRA Tobie Duthie I have known</p> <p>24 for a while and he had asked me for a period</p> <p>25 of time whether I would like to come and work</p>
<p style="text-align: right;">Page 14</p> <p>1 WALTERS</p> <p>2 generally. I'm currently reading a new</p> <p>3 publication that only got published last week</p> <p>4 in this field.</p> <p>5 Q. What are the publications you</p> <p>6 read on terrorist financing?</p> <p>7 A. Most of the publications that I</p> <p>8 read that relate to money laundering</p> <p>9 generally they relate to terrorist financing</p> <p>10 as well, they are generally banded together</p> <p>11 very closely.</p> <p>12 Q. What are those publications?</p> <p>13 A. Often they are websites that</p> <p>14 I'm referred to through contacts, through</p> <p>15 people I know.</p> <p>16 Q. What are their names, not the</p> <p>17 people, the websites?</p> <p>18 A. I can't recall.</p> <p>19 Q. Can you recall the names of any</p> <p>20 publications you are referring to in</p> <p>21 anti-money laundering or counter terrorism?</p> <p>22 A. No, I don't keep a record of</p> <p>23 everything I read.</p> <p>24 Q. What about publications</p> <p>25 relating to financial crime, can you remember</p>	<p style="text-align: right;">Page 16</p> <p>1 WALTERS</p> <p>2 with FRA and I have to say I never really</p> <p>3 found time to go talk with him at any length</p> <p>4 about what I was going to do or not do in</p> <p>5 relation to my post police life, but we saw</p> <p>6 each other on occasions and eventually I had</p> <p>7 a bit more time and I went to see him and</p> <p>8 therefore he explored the possibility of me</p> <p>9 consulting with FRA.</p> <p>10 Q. How did you first come to meet</p> <p>11 Mr. Duthie?</p> <p>12 A. I met Mr. Duthie socially</p> <p>13 originally.</p> <p>14 Q. When was that approximately?</p> <p>15 A. Five years ago.</p> <p>16 Q. When did you leave the</p> <p>17 metropolitan police?</p> <p>18 A. December '09.</p> <p>19 Q. Why did you leave the</p> <p>20 metropolitan police?</p> <p>21 A. Sorry?</p> <p>22 Q. Why did you leave the</p> <p>23 metropolitan police?</p> <p>24 A. I completed 30 years service</p> <p>25 and I retired.</p>

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1 WALTERS  
2 Q. Was your retirement completely  
3 voluntary?  
4 A. Completely voluntary.  
5 Q. When did Mr. Duthie first ask  
6 you to consult with FRA, was it before you  
7 ended your police career or after?  
8 A. In terms of actually -- we had  
9 a few as I say very brief conversations about  
10 what I was planning to do when I left, but it  
11 was after I left that he said look, can we  
12 find some time and have a proper conversation  
13 about it and in terms of -- and that time I  
14 was busy doing a lot of things and I -- so  
15 probably about -- we intended meeting, but  
16 just didn't seem to find the time, probably  
17 six months after I left the police.  
18 Q. So that's around the middle of  
19 2010?  
20 A. Yeah, as I said it's around  
21 then.  
22 Q. Did the possibility of your  
23 work on these cases come up in that first  
24 conversation?  
25 A. He was non specific about

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1 WALTERS  
2 cases.  
3 Q. When did the subject of your  
4 working on this case first come up, these  
5 cases?  
6 A. I think it was a couple of  
7 months after our first conversation. I don't  
8 think we discussed it at what I would call a  
9 proper meeting.  
10 Q. After the middle of 2010?  
11 A. Yes, I believe so.  
12 Q. When did you join FRA as a  
13 consultant?  
14 A. I think I agreed to join them  
15 in -- would have probably been August I  
16 suppose or something.  
17 Q. I'll show you in a moment that  
18 your first time sheet entry for work on these  
19 cases is September 24, 2010. Does that  
20 enable you to be any more specific as to when  
21 you started working with FRA?  
22 A. It would have been to work on  
23 this so instead of August it was probably  
24 September then.  
25 Q. The first work that you did

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1 WALTERS  
2 with FRA was your work on these cases?  
3 A. Yes.  
4 Q. Have you done any other work  
5 with FRA since joining the company?  
6 A. I have had a number of meetings  
7 with them on general matters in terms of  
8 money laundering and corruption, bribery and  
9 attended things on their behalf really like  
10 the book launch the other day was as a  
11 consultant to them I said I would go and  
12 attend, but no major pieces of work.  
13 Q. Have you worked on any client  
14 engagements? Have you worked on any matters  
15 for clients of FRA other than these cases?  
16 A. No.  
17 Q. When you say meetings with FRA  
18 on general matters, you are talking about  
19 internal meetings?  
20 A. Internal meetings.  
21 Q. To speak with your colleagues  
22 at FRA about those matters?  
23 A. Yes.  
24 Q. Other than a book launch, what  
25 other things have you attended on behalf of

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1 WALTERS  
2 FRA?  
3 A. I think that's the only thing  
4 outside internal meetings where I've  
5 specifically been -- specifically sort of  
6 representing them.  
7 Q. Do you work full-time for FRA?  
8 A. No, I don't.  
9 Q. What percentage of -- what else  
10 do you do besides working for FRA?  
11 A. I have a number of other firms  
12 in investigation and security who I meet with  
13 and I have a couple of them who have asked me  
14 to do some work on cases.  
15 Q. What are the names of those  
16 firms?  
17 A. I'm just trying to think. I'm  
18 not avoiding. I'm just trying to think here  
19 whether I feel comfortable disclosing who I'm  
20 working for, quite small firms.  
21 Q. They are investigation and  
22 security firms in the U.K.?  
23 A. One is in the U.K. and one is  
24 abroad.  
25 Q. Where abroad?

<p style="text-align: right;">Page 21</p> <p>1 WALTERS</p> <p>2 A. Hong Kong.</p> <p>3 Q. Does any of that work involve</p> <p>4 terror finance?</p> <p>5 A. Not that I have spoken to them</p> <p>6 about, no.</p> <p>7 Q. What percentage of your working</p> <p>8 time since you left the police at the end of</p> <p>9 2009 has been devoted to your work with FRA</p> <p>10 as opposed to work apart from FRA?</p> <p>11 A. On the consultancy -- I have</p> <p>12 some other work interests that are not</p> <p>13 related to this work whatsoever.</p> <p>14 Q. First why don't you tell me</p> <p>15 about those?</p> <p>16 A. Another position. I work for</p> <p>17 my family company.</p> <p>18 Q. What is that?</p> <p>19 A. It's a small firm engaged in</p> <p>20 farming basically.</p> <p>21 Q. During calendar year 2010 and</p> <p>22 thus far in 2011 can you apportion for me on</p> <p>23 a percentage basis the amount of working time</p> <p>24 you've spent on FRA as opposed to the two</p> <p>25 investigation and consulting firms as opposed</p>	<p style="text-align: right;">Page 23</p> <p>1 WALTERS</p> <p>2 also would say just for clarity, forgive me,</p> <p>3 going back, I also lecture for another</p> <p>4 company that's in international training on</p> <p>5 accountability and ethics in relation to</p> <p>6 grand corruption, bribery, money laundering,</p> <p>7 financial crime.</p> <p>8 Q. What's the name of that</p> <p>9 company?</p> <p>10 A. That's RIPA.</p> <p>11 Q. What does that stand for?</p> <p>12 A. I really can't recall. They</p> <p>13 are part of a bigger group.</p> <p>14 Q. They are in the U.K.?</p> <p>15 A. They are in the U.K.</p> <p>16 Q. How many lectures have you</p> <p>17 given?</p> <p>18 A. I think since I left the police</p> <p>19 two.</p> <p>20 Q. So am I right that you're not a</p> <p>21 full-time employee of FRA, you're a</p> <p>22 consultant to FRA?</p> <p>23 A. I'm a consultant to FRA.</p> <p>24 Q. Is it your understanding you</p> <p>25 were retained by FRA specifically to provide</p>
<p style="text-align: right;">Page 22</p> <p>1 WALTERS</p> <p>2 to your family company?</p> <p>3 A. The family company stuff I</p> <p>4 would have to say is I don't keep hours, it's</p> <p>5 full-time in terms of my time, but it's very</p> <p>6 flexible. In terms of consulting and what I</p> <p>7 would call my consultancy side FRA has</p> <p>8 probably been 80 percent.</p> <p>9 Q. Of your consultancy work?</p> <p>10 A. Yes.</p> <p>11 Q. Your consultancy work as a</p> <p>12 percentage of the whole is what of your</p> <p>13 working time?</p> <p>14 A. I'm never good with time.</p> <p>15 Q. An approximation will do.</p> <p>16 MR. BONNER: What time frame</p> <p>17 you talking about?</p> <p>18 MR. FRIEDMAN: Since he's left</p> <p>19 the police.</p> <p>20 A. Since I've left the police I</p> <p>21 was very busy, you know, I mean I find that</p> <p>22 very difficult. I'm not being awkward, but I</p> <p>23 find that very difficult to answer because I</p> <p>24 had six months of doing nothing on</p> <p>25 consultancy whatsoever beyond a small -- I</p>	<p style="text-align: right;">Page 24</p> <p>1 WALTERS</p> <p>2 consulting services on these cases?</p> <p>3 A. No, my understanding is I'm</p> <p>4 retained by them as a general consultant on</p> <p>5 all these types of matters.</p> <p>6 Q. What is your compensation from</p> <p>7 FRA?</p> <p>8 A. In general consultancy terms?</p> <p>9 Q. Yes.</p> <p>10 A. 400 pounds a month.</p> <p>11 Q. Regardless of how much time you</p> <p>12 spend?</p> <p>13 A. Regardless of how much time I</p> <p>14 spend.</p> <p>15 Q. There's no premium on top of</p> <p>16 that if you spend additional time, if you</p> <p>17 spend a lot of time?</p> <p>18 A. Because it's quite new and a</p> <p>19 new field for both, certainly for me, it was</p> <p>20 felt that we would start there and then</p> <p>21 review it on a case by case basis and on a</p> <p>22 project basis if other projects came in in</p> <p>23 terms of lectures, conferences so we would</p> <p>24 decide it on an on-going basis.</p> <p>25 Q. Let me show you what's been</p>

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<p style="text-align: right;">Page 33</p> <p>1 WALTERS</p> <p>2 to assist here that I believe that would have</p> <p>3 been back to how do we map out and show what</p> <p>4 -- and set out in a helpful manner what had</p> <p>5 gone on here so where had the bank deviated</p> <p>6 from what I would have expected.</p> <p>7 Q. Is there a document referred to</p> <p>8 as the deviations analysis?</p> <p>9 A. Not that I'm aware of.</p> <p>10 Q. With whom did you discuss this</p> <p>11 deviations analysis?</p> <p>12 A. Casie was engaged in these</p> <p>13 discussions and I know Lucille was engaged in</p> <p>14 these discussions. I think I spoke to Tobie</p> <p>15 Duthie and it was trying to drill down to how</p> <p>16 can I, you know, how can I best set out to</p> <p>17 make it understandable and clear what I felt</p> <p>18 had gone on and what my opinions were and how</p> <p>19 I found those opinions.</p> <p>20 Q. Have you ever met Lucille?</p> <p>21 A. Yes, I've met Lucille on a</p> <p>22 number of occasions.</p> <p>23 Q. Where does she work?</p> <p>24 A. She now works in Paris, in the</p> <p>25 Paris office.</p>	<p style="text-align: right;">Page 35</p> <p>1 WALTERS</p> <p>2 to quibble with you, but rather than telling</p> <p>3 me what it would be, if you recall tell me</p> <p>4 what it was?</p> <p>5 A. I don't recall.</p> <p>6 Q. Look at the next page, Walters</p> <p>7 16, you will see the bottom half of the page</p> <p>8 there are entries for you for November 9,</p> <p>9 November 10, November 11 and November 12</p> <p>10 where the entry is research?</p> <p>11 A. Yes.</p> <p>12 Q. Do you see that? What research</p> <p>13 did you do -- withdrawn. What research does</p> <p>14 this reflect?</p> <p>15 A. It would reflect reviewing</p> <p>16 documents. It would reflect the reading of</p> <p>17 these documents and making sure that I'm</p> <p>18 happy with the content of the report.</p> <p>19 Q. That you are happy with the</p> <p>20 content of your reports?</p> <p>21 A. Yes.</p> <p>22 Q. By documents you are referring</p> <p>23 to documents produced by Nat West?</p> <p>24 A. Yeah.</p> <p>25 Q. Can you tell me the process by</p>
<p style="text-align: right;">Page 34</p> <p>1 WALTERS</p> <p>2 Q. Where did you meet her?</p> <p>3 A. I met her in London.</p> <p>4 Q. Did you meet with her</p> <p>5 face-to-face during the course of your work</p> <p>6 on these cases?</p> <p>7 A. Yes, I did.</p> <p>8 Q. How many times?</p> <p>9 A. I really can't recall how many</p> <p>10 times we worked together.</p> <p>11 Q. More than five?</p> <p>12 A. I would be guessing. I really</p> <p>13 don't know.</p> <p>14 Q. Look at page 7 that bears the</p> <p>15 production number in the lower right hand</p> <p>16 corner 15, says Walters 15. You see the</p> <p>17 entry for yourself on 22 September 2010, the</p> <p>18 third entry on the page?</p> <p>19 A. Yes.</p> <p>20 Q. What's the meaning of your</p> <p>21 entry "U.K. rules and environment"?</p> <p>22 A. It would be the U.K. rules and</p> <p>23 environment.</p> <p>24 Q. What does that refer to and</p> <p>25 just to be clear, Mr. Walters, I'm not trying</p>	<p style="text-align: right;">Page 36</p> <p>1 WALTERS</p> <p>2 which your first and second reports was</p> <p>3 drafted?</p> <p>4 A. I approached it as you would</p> <p>5 expect coming from my background in terms of</p> <p>6 reviewing the documents, evaluating them,</p> <p>7 assessing them, analyzing them and then</p> <p>8 deciding, you know, making some decisions or</p> <p>9 formulating opinions as I went along and then</p> <p>10 looking for what else we could do to as I</p> <p>11 said, you know, set it out in an orderly and</p> <p>12 useful document.</p> <p>13 Q. I'm sorry, my question was a</p> <p>14 bit more narrow so let me be more precise.</p> <p>15 Did you write both of these reports?</p> <p>16 A. I wrote the reports, yes.</p> <p>17 Q. They are your -- from draft to</p> <p>18 final product everything that's in these</p> <p>19 reports you wrote?</p> <p>20 A. I did. This is my report. I</p> <p>21 did have some bits I took from documents I've</p> <p>22 read and one document I read was the CL, FRA</p> <p>23 CL report which is --</p> <p>24 Q. Ms. McLeod's report?</p> <p>25 A. Yes, so I had that document</p>

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<p style="text-align: right;">Page 37</p> <p>1 WALTERS</p> <p>2 which covered some of the same ground. I</p> <p>3 wasn't going to rewrite sections that I was</p> <p>4 happy with. It didn't seem -- if I was happy</p> <p>5 with what had been written, then I took it</p> <p>6 and then I considered it my report.</p> <p>7 Q. Meaning that if you took</p> <p>8 something from Ms. McLeod's report that you</p> <p>9 were happy with, you considered it your</p> <p>10 report?</p> <p>11 A. Yes.</p> <p>12 Q. Everything in these two reports</p> <p>13 you either drafted or took from Ms. McLeod's</p> <p>14 report?</p> <p>15 A. Or it came from the research</p> <p>16 that was being done by Lucille where I took,</p> <p>17 you know, she might have typed it, I would</p> <p>18 probably change it.</p> <p>19 Q. So there's language in these</p> <p>20 reports that Lucille was the first</p> <p>21 drafts person of?</p> <p>22 A. Potentially. I can't recall</p> <p>23 whether I -- but I'm not going to change a</p> <p>24 sentence if it has the meaning that I want to</p> <p>25 have.</p>	<p style="text-align: right;">Page 39</p> <p>1 WALTERS</p> <p>2 recall.</p> <p>3 Q. Did you interact with</p> <p>4 plaintiff's counsel on the drafts of your</p> <p>5 reports or only with other people at FRA?</p> <p>6 MR. BONNER: Just in answering</p> <p>7 that --</p> <p>8 Q. You can answer that yes or no.</p> <p>9 MR. BONNER: That's a yes or no</p> <p>10 answer.</p> <p>11 A. Yes.</p> <p>12 Q. You did interact with</p> <p>13 plaintiff's counsel?</p> <p>14 A. Yes.</p> <p>15 Q. Can you give me the names of</p> <p>16 plaintiff's counsel you interacted with?</p> <p>17 A. I had a number of conference</p> <p>18 calls and I didn't always know -- catch all</p> <p>19 the names over the telephone line about who I</p> <p>20 was talking to.</p> <p>21 Q. Do you remember any of the</p> <p>22 names you were speaking to?</p> <p>23 A. I remember speaking to Mr.</p> <p>24 Israel, Mr. Bonner. I think on one we were</p> <p>25 joined by -- one there was about five people</p>
<p style="text-align: right;">Page 38</p> <p>1 WALTERS</p> <p>2 Q. I just want to be clear. There</p> <p>3 is language in the report that originated</p> <p>4 with text that Lucille gave to you and which</p> <p>5 you then reviewed, changed what you wanted to</p> <p>6 and put into your report?</p> <p>7 A. There were, you know, there</p> <p>8 were occasions when we were sitting working</p> <p>9 together. She types a lot faster than I do so</p> <p>10 she would type it and I would have a look at</p> <p>11 it so in that way did she write that or did I</p> <p>12 write that.</p> <p>13 Q. Did you receive text that ended</p> <p>14 up in either of your reports from any person</p> <p>15 other than Lucille?</p> <p>16 MR. BONNER: And Ms. McLeod,</p> <p>17 right?</p> <p>18 MR. FRIEDMAN: We'll come to</p> <p>19 that.</p> <p>20 A. I can't recall.</p> <p>21 Q. Do you think if there was</p> <p>22 anyone else who gave you text that you would</p> <p>23 recall it?</p> <p>24 A. I sit here trying to be helpful</p> <p>25 and I hoped I would recall it and I can't</p>	<p style="text-align: right;">Page 40</p> <p>1 WALTERS</p> <p>2 on the conference call. Mr. Osen on one</p> <p>3 call.</p> <p>4 Q. You can answer this yes or no,</p> <p>5 were those calls with respect to your work</p> <p>6 generally or specifically with respect to</p> <p>7 drafts of your reports?</p> <p>8 A. What do you mean by work</p> <p>9 generally?</p> <p>10 Q. Let me be more specific. Were</p> <p>11 these discussions about your drafts,</p> <p>12 commenting on your drafts, you can answer</p> <p>13 that yes or no?</p> <p>14 A. I can't be absolutely sure.</p> <p>15 Q. Have you ever met Ms. McLeod?</p> <p>16 A. Yes, I have.</p> <p>17 Q. Again, just to make sure I'm</p> <p>18 clear, all the language that appears in your</p> <p>19 reports originates either with you, something</p> <p>20 that Lucille Mourey typed or something that</p> <p>21 you took with whatever revisions you thought</p> <p>22 appropriate from Ms. McLeod's report; is that</p> <p>23 correct?</p> <p>24 A. I do apologize, but I wouldn't</p> <p>25 like to say with any -- and I don't think I</p>

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<p>1 WALTERS</p> <p>2 conclusions." So the way in which this</p> <p>3 report was written is different from the</p> <p>4 first one, you wrote all the words of this</p> <p>5 report?</p> <p>6 A. This report was prepared in the</p> <p>7 same way as the first report so I apologize.</p> <p>8 It probably should say written under</p> <p>9 supervision.</p> <p>10 Q. Was the other person the new</p> <p>11 person you were referring to named Hibbert?</p> <p>12 A. No, I don't believe so.</p> <p>13 Q. Berger?</p> <p>14 A. Could have been Berger.</p> <p>15 Q. I'm going to take you back to</p> <p>16 Exhibit 4. Look at the first page. I know</p> <p>17 you said you haven't seen this before, but do</p> <p>18 you think this is accurate that through</p> <p>19 December 31, 2010 you devoted 419.75 hours to</p> <p>20 this matter?</p> <p>21 A. I have to say it's the first</p> <p>22 time I have seen it. I don't know.</p> <p>23 Q. You don't know whether that's</p> <p>24 accurate or not?</p> <p>25 A. No.</p>	<p>1 WALTERS</p> <p>2 professional training she has on the</p> <p>3 regulation of banks in the U.K.?</p> <p>4 A. No, I don't.</p> <p>5 Q. Do you know of any professional</p> <p>6 experience she has relating to counter terror</p> <p>7 financing?</p> <p>8 A. No, I don't.</p> <p>9 Q. Do you know of any education or</p> <p>10 professional training she has on that</p> <p>11 subject?</p> <p>12 A. No, I don't.</p> <p>13 Q. Do you know of any professional</p> <p>14 experience she has concerning the internal</p> <p>15 policies and procedures of banks in the U.K.?</p> <p>16 A. Well, having said -- the only</p> <p>17 thing that I and again I would have to</p> <p>18 qualify the word do I know, I would have --</p> <p>19 my understanding is that she worked on and I</p> <p>20 could be wrong, but my understanding is that</p> <p>21 she worked on the CL matters so she would</p> <p>22 have developed some understanding from that</p> <p>23 particular matter.</p> <p>24 Q. But other than that, do you</p> <p>25 know of any professional experience she has</p>
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<p>1 WALTERS</p> <p>2 Q. Look at Exhibit 5, the next</p> <p>3 invoice. You see that that shows that from</p> <p>4 January 1 and February 27, 2011 you devoted</p> <p>5 74-and-a-half hours to this matter. Do you</p> <p>6 see that?</p> <p>7 A. Yes, I do.</p> <p>8 Q. Is that accurate?</p> <p>9 A. One of the things I'm really</p> <p>10 not good at is time keeping in terms of my</p> <p>11 time is just -- I'm just not good at it.</p> <p>12 Q. So is this accurate?</p> <p>13 A. I believe it to be accurate.</p> <p>14 It's the first time I have seen it, but I</p> <p>15 believe it to be accurate.</p> <p>16 Q. Let me show you what's been</p> <p>17 marked as Exhibit 6 which Ms. McLeod</p> <p>18 identified as the CV of Casie Searles. Have</p> <p>19 you ever seen this before?</p> <p>20 A. No, I haven't.</p> <p>21 Q. Do you know of any professional</p> <p>22 experience she has concerning the regulation</p> <p>23 of banks in the U.K.?</p> <p>24 A. No, I don't.</p> <p>25 Q. Do you know of any education or</p>	<p>1 WALTERS</p> <p>2 had concerning the policies and procedures of</p> <p>3 banks in the U.K.?</p> <p>4 A. No, I don't.</p> <p>5 Q. Do you know of any education or</p> <p>6 professional training she's had on that</p> <p>7 subject?</p> <p>8 A. No, I don't.</p> <p>9 Q. Do you know of any professional</p> <p>10 experience she's had concerning U.K.</p> <p>11 anti-money laundering laws or regulations?</p> <p>12 A. No, I don't.</p> <p>13 Q. Same question about U.K.</p> <p>14 anti-terror financing laws or regulations?</p> <p>15 A. No, I don't.</p> <p>16 Q. Again, you have never met her?</p> <p>17 A. No.</p> <p>18 Q. Let me show you what's been</p> <p>19 marked as Exhibit 7 which Ms. McLeod</p> <p>20 identified as the CV of Lucille Mourey. Have</p> <p>21 you ever seen this before?</p> <p>22 A. No, I haven't.</p> <p>23 Q. You first met her in connection</p> <p>24 with your work on these reports?</p> <p>25 A. That's correct, yes.</p>

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1 WALTERS  
2 Q. Do you know of any professional  
3 experience she has concerning the regulation  
4 of banks in the U.K.?  
5 A. No, I don't.  
6 Q. Do you know of any professional  
7 education or training she has on those  
8 subjects?  
9 A. No, I'm unaware of any.  
10 Q. Do you know of any professional  
11 experience she has concerning the internal  
12 policies and procedures of U.K. banks?  
13 A. I don't know about that.  
14 Q. Do you know of any education or  
15 professional training she has on that  
16 subject?  
17 A. Again, similar to the last one  
18 I understand that she worked on the other  
19 matter and developed a degree of  
20 understanding, but in terms of education, no,  
21 I don't.  
22 Q. Credit Lyonnais you know is a  
23 French bank?  
24 A. Yes.  
25 Q. Do you know of any professional

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1 WALTERS  
2 experience that Lucille Mourey has in U.K.  
3 anti-money laundering laws?  
4 A. No.  
5 Q. Do you know of any education or  
6 professional training she has concerning U.K.  
7 anti-money laundering laws?  
8 A. No.  
9 Q. Do you know of any professional  
10 experience she has with respect to U.K.  
11 anti-terror financing laws or regulations?  
12 A. No.  
13 Q. Do you know of any education or  
14 professional training she has in that area?  
15 A. No.  
16 Q. Let me show you what's been  
17 marked as Exhibit 8 which has been given to  
18 us by counsel with the representation that  
19 it's the CV of Mr. Duthie. By the way, you  
20 said earlier that you knew Mr. Duthie  
21 socially. Could you be more specific as to  
22 -- I don't mean to pry, but how you knew him  
23 socially?  
24 A. We met on social occasions  
25 through mutual people.

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1 WALTERS  
2 Q. Do you know of any professional  
3 experience that Mr. Duthie has concerning the  
4 regulation of banks in the U.K.?  
5 A. No, I don't.  
6 Q. Do you know of any education or  
7 professional training he has in that area?  
8 A. Well, he worked for a bank, he  
9 would have undergone the money laundering  
10 training as people in banks undergo it, would  
11 have received all the what I would call  
12 standard variable fees perhaps, but he would  
13 have received some training and understanding  
14 of money laundering and counter terror  
15 financing from his professional experience.  
16 Q. You don't know that, do you?  
17 A. No, I don't know that for  
18 certain.  
19 Q. What bank did he work for?  
20 A. I understand he worked for  
21 Deutsche Bank.  
22 Q. As an investment banker, not a  
23 commercial banker, correct?  
24 A. It's a regulated financial  
25 institution and people are required under

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1 WALTERS  
2 that to have money laundering training.  
3 Q. Do you know of any professional  
4 experience he's had with U.K. anti-money  
5 laundering or counter terror financing laws  
6 other than his training?  
7 A. No, I don't.  
8 Q. Do you know of any education or  
9 professional training he's had in those areas  
10 other than what you just alluded to?  
11 A. No, I don't.  
12 Q. Do you know someone by the name  
13 of Jeremy Hibbert?  
14 A. I don't believe that I know him  
15 very well. I might have been introduced to  
16 him, but I don't know him.  
17 Q. His name shows up on the time  
18 sheets as having worked on your reports. Did  
19 you interact with him at all in connection  
20 with the drafting of your reports?  
21 A. Not that I'm aware of.  
22 RQ MR. FRIEDMAN: Jim and Joel,  
23 consistent with our prior practice we  
24 will submit a letter after the  
25 deposition of a document request, but

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1 WALTERS  
2 services and I'm compensated -- in addition  
3 to that I'm compensated for specific work  
4 including this on a project based hourly  
5 rate.  
6 Q. What's the hourly rate?  
7 A. 150 pounds an hour.  
8 Q. Turn again to appendix 1 to  
9 Exhibit 1 again which you identified as  
10 introduction to FRA and your CV. Did you  
11 write the CV portion of this document?  
12 A. Yes, I did.  
13 Q. You mistakenly omitted four  
14 years of your career?  
15 A. I did, yeah.  
16 Q. Did you attend university?  
17 A. I didn't.  
18 Q. You received a diploma in  
19 anti-money laundering from the Cass Business  
20 School?  
21 A. Yes, I did.  
22 Q. In what year?  
23 A. In 2006 I believe that was.  
24 Q. For how long did you  
25 participate in the program to get that

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1 WALTERS  
2 diploma?  
3 A. I think that was an evening  
4 study diploma, part-time diploma and I think  
5 it was a three or four month program.  
6 Q. How many nights a week?  
7 A. I think it was a night every  
8 two or three weeks. It was a post graduate  
9 diploma.  
10 Q. You attended class one night  
11 every two to three weeks for three or four  
12 months?  
13 A. Yes and then there was course  
14 work and study to do in the mean time and a  
15 series of essays to write and an examination  
16 at the end of it.  
17 Q. Have you ever heard of an  
18 organization known as the Association of  
19 Certified Money Laundering Specialists or  
20 ACMLS?  
21 A. I would have to say it doesn't  
22 spring out to me as one I'm particularly  
23 aware of. There are numerous numerous  
24 different bodies who represent industry  
25 anti-money laundering people.

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1 WALTERS  
2 Q. From 2003 to 2009 you were  
3 detective inspector within the economic and  
4 specialist crime command of the MPS in  
5 London?  
6 A. That's correct.  
7 Q. From 2005 to 2009 during that  
8 period that you were a detective inspector,  
9 you were operational head of the money  
10 laundering investigation team, right?  
11 A. During that period I was, yes.  
12 Q. What do you mean by operational  
13 head?  
14 A. I had responsibility for a  
15 number of teams. Trying to think how best to  
16 describe it within the -- to make it  
17 understandable within policing from the U.K.  
18 Operational work I would describe as  
19 investigations both proactive and reactive,  
20 responsible for what the officers do on a  
21 day-to-day basis so driving operational  
22 activity. I don't know if that explains it.  
23 Q. Was there another head of the  
24 MLIT other than the operational head?  
25 A. It's a hierarchal organization

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1 WALTERS  
2 so there are -- I had bosses and they had  
3 bosses, but in terms of anything my team did,  
4 I took full responsibility and had  
5 responsibility for them and the work.  
6 Q. How big was the team?  
7 A. The money laundering team  
8 started at about -- when I took it over it  
9 had about 15 people on it, in fact, had just  
10 under that because it had some vacancies so  
11 post it was about 15. It then increased in  
12 size over time quite rapidly. They took  
13 resources from elsewhere and gave them to me.  
14 Q. That was part of the economic  
15 and specialist crime command, correct?  
16 A. Yes, the economic and  
17 specialist crime command as the name suggests  
18 deals with all sorts of economic crime.  
19 Q. I'm going to show you what's  
20 been as Exhibit 9 which are screen shots from  
21 the Metropolitan Police Service website that  
22 we've downloaded in the last couple of days.  
23 Do you recognize the first page to be the  
24 home page of the Metropolitan Police Service  
25 website?

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1 WALTERS  
2 A. I haven't seen that website  
3 recently, but I have no reason at all to not  
4 believe it's that. They change it quite  
5 regularly.  
6 Q. If you look at the fourth page  
7 of this exhibit, do you recognize this to be  
8 the page of the website that shows the  
9 branches of the Metropolitan Police Service?  
10 A. I believe it to show the  
11 different branches, yes.  
12 Q. It shows among other branches  
13 the branch that you were a part of economic  
14 and specialist crime command branch, correct?  
15 A. Correct.  
16 Q. It also shows in the second  
17 entry a separate command named the counter  
18 terrorism command formerly the anti-terrorist  
19 branch and special branch, correct?  
20 A. Yes, it does.  
21 Q. This is the same special branch  
22 that you referred to in your first report,  
23 correct?  
24 A. Yes.  
25 Q. The anti-terrorism branch is

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1 WALTERS  
2 the same as the anti-terrorist squad that you  
3 referred into your reports, correct?  
4 A. Yes.  
5 Q. The NTFIU was developed within  
6 special branch and the anti-terrorist squad  
7 to bring particular focus onto the  
8 investigation of terrorist funding within the  
9 U.K., correct?  
10 A. I'm sorry, could you just  
11 repeat how you worded that.  
12 Q. The NTFIU was developed within  
13 special branch and the anti-terrorist squad  
14 to bring particular focus onto the  
15 investigation of terrorist funding within the  
16 U.K., correct?  
17 A. To give it its own unit to deal  
18 with those matters, yes. Some of these units  
19 overlap. This is simplified as I can  
20 understand why it is a simplified description  
21 of the different units. For instance, I  
22 actually prepared head command of the arts  
23 and antiques unit which sits actually within  
24 the economic and specialist crime command so  
25 there's more overlap here than this suggests.

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1 WALTERS  
2 Q. Could you look at paragraph 62  
3 of your report, Exhibit 1. I just asked you,  
4 Mr. Walters, whether the NTFIU was developed  
5 within special branch and anti-terrorist  
6 squad to bring particular focus onto the  
7 investigation of terrorist funding within the  
8 U.K. You see those are the very words that  
9 appear in your report?  
10 A. Yes.  
11 Q. That's accurate, isn't it?  
12 A. Yes.  
13 Q. If you look at the next page of  
14 Exhibit 9, the website pages, this describes  
15 the counter terrorism command, correct?  
16 A. Yes.  
17 Q. Look at the middle of the page,  
18 you see it says counter terrorism command is  
19 responsible for, do you see that?  
20 A. Yes.  
21 Q. The first bullet point says  
22 "bringing to justice those engaged in  
23 terrorist domestic extremist and related  
24 offenses", do you see that?  
25 A. Yes.

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1 WALTERS  
2 Q. That includes terrorist  
3 financing, correct?  
4 A. Yes.  
5 Q. If you look at the next page,  
6 that describes the economic and specialist  
7 crime command, correct?  
8 A. Yes.  
9 Q. That's the command in which you  
10 served, correct?  
11 A. Yes.  
12 Q. The entry on the next page  
13 under, sorry, on this page, the next to last  
14 entry under the heading what we do, the next  
15 to last entry is a description of the money  
16 laundering investigation team, do you see  
17 that?  
18 A. Down at the bottom of that  
19 page?  
20 Q. Yes.  
21 A. Yes.  
22 Q. That's the team you headed, yes  
23 or no?  
24 A. Yes, that was the -- it's  
25 changed. I say yes. These things are

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<p style="text-align: right;">Page 65</p> <p>1 WALTERS</p> <p>2 permanently evolving and changing and I do</p> <p>3 know because I still speak to people that</p> <p>4 it's changed a great deal so I don't know</p> <p>5 when this was written.</p> <p>6 Q. This is the name of the team</p> <p>7 you headed -- this is the team that you</p> <p>8 headed in your last years with the MPS,</p> <p>9 correct?</p> <p>10 A. Yes.</p> <p>11 Q. Go back to your CV in Exhibit</p> <p>12 1. Turn to page 2, please, the discussion of</p> <p>13 the money laundering investigation team. The</p> <p>14 end of the first paragraph in that section it</p> <p>15 says, "Some of MLIT's investigations</p> <p>16 overlapped with terrorism cases and the</p> <p>17 financing of terrorism", do you see that?</p> <p>18 A. Yes.</p> <p>19 Q. The terrorism cases and the</p> <p>20 financing of terrorism that your team's</p> <p>21 investigation overlapped with, those other</p> <p>22 cases were handled by the NTFIU, correct?</p> <p>23 MR. BONNER: Objection to form.</p> <p>24 A. Perhaps I can clarify that for</p> <p>25 you.</p>	<p style="text-align: right;">Page 67</p> <p>1 WALTERS</p> <p>2 involved, but it didn't mean that anybody</p> <p>3 else was investigating terror financing. If</p> <p>4 I could just go back to the overlaps that</p> <p>5 occurred in other fields of work there was a</p> <p>6 specialist team and going back to your</p> <p>7 previous page about the metropolitan police,</p> <p>8 the dedicated, for example, the dedicated</p> <p>9 check and plastic crime unit had</p> <p>10 investigators, but we often dealt with cases</p> <p>11 that in some ways they could have been</p> <p>12 dealing with.</p> <p>13 Q. Understood.</p> <p>14 A. There was nobody investigating</p> <p>15 it so we dealt with those issues.</p> <p>16 Q. I understand. When there was a</p> <p>17 case that involved terrorism and financing</p> <p>18 terrorism, the counter terrorism team would</p> <p>19 have primary responsibility for that,</p> <p>20 correct?</p> <p>21 A. I would meet with them and</p> <p>22 discuss the cases and I would -- and then a</p> <p>23 decision would be made who would investigate</p> <p>24 it.</p> <p>25 Q. Did your team have</p>
<p style="text-align: right;">Page 66</p> <p>1 WALTERS</p> <p>2 Q. Before you clarify it. This</p> <p>3 says that your team's investigations</p> <p>4 overlapped with cases in the terrorism and</p> <p>5 terrorist financing area, correct?</p> <p>6 A. Yes.</p> <p>7 Q. My question is if you look at</p> <p>8 this in terms of a ven diagram, I gather</p> <p>9 there's a shaded area of overlap. What's the</p> <p>10 other -- what group within the MPS was the</p> <p>11 other circle? Who was conducting the other</p> <p>12 investigations into -- who was conducting the</p> <p>13 investigations into terrorism and financing</p> <p>14 with which your team overlapped? What was</p> <p>15 the name of that group?</p> <p>16 MR. BONNER: Objection to form.</p> <p>17 Go ahead, you can answer.</p> <p>18 A. Sometimes there wasn't anybody</p> <p>19 investigating that field of crime.</p> <p>20 Q. And other times?</p> <p>21 A. If I could finish.</p> <p>22 Q. Sure.</p> <p>23 A. The background to the offenses</p> <p>24 that we would be dealing with would indicate</p> <p>25 that perhaps there was terror financing</p>	<p style="text-align: right;">Page 68</p> <p>1 WALTERS</p> <p>2 responsibility for cases that involved only</p> <p>3 terrorism and terrorist financing?</p> <p>4 A. Again, I pause before answering</p> <p>5 because it's really not that simple because</p> <p>6 occasionally we would start out</p> <p>7 investigations, for instance, with a cash</p> <p>8 seizure under the cash seizure provisions</p> <p>9 where circumstances would lead us or</p> <p>10 intelligence would lead us and we would</p> <p>11 recover money and at that stage we often</p> <p>12 didn't know what we were dealing with beyond</p> <p>13 it was suspicious and we would take action.</p> <p>14 If that money turned out to be,</p> <p>15 for instance, linked to major drug dealing, I</p> <p>16 would go and see the teams that were focused</p> <p>17 on drug crime and discuss with them does this</p> <p>18 assist them in their investigations, do they</p> <p>19 want to take it over, what would they like to</p> <p>20 do and how would they like us to proceed and</p> <p>21 then we would be in a dialogue.</p> <p>22 In the same way if there is</p> <p>23 indication of terrorist financing or anything</p> <p>24 that may overlap, I would meet with the</p> <p>25 anti-terrorist squad offices who I knew very</p>

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<p>1 WALTERS</p> <p>2 well because some of them had come from</p> <p>3 exactly my background and discussed with them</p> <p>4 this is what we are dealing with, this is</p> <p>5 what we know so far and then we would keep</p> <p>6 them in the loop.</p> <p>7 Q. In these instances of overlap</p> <p>8 that are described in the sentence that</p> <p>9 overlap was -- the folks involved in the</p> <p>10 overlap in addition to your team were people</p> <p>11 from the anti-terrorist squad, correct?</p> <p>12 A. Sorry, could you say that</p> <p>13 again.</p> <p>14 Q. What I'm getting at is in this</p> <p>15 area of overlap, in these instances of</p> <p>16 overlap that's described in this sentence,</p> <p>17 the other personnel outside of your team that</p> <p>18 you would work with would be the</p> <p>19 anti-terrorism squad of people, correct?</p> <p>20 A. Yes.</p> <p>21 Q. Did any of these overlapping</p> <p>22 investigations involve questions relating to</p> <p>23 banking practices, the practices of U.K.</p> <p>24 banks? Let me be more specific.</p> <p>25 A. I'm sorry.</p>	<p>1 WALTERS</p> <p>2 sentence of what we were just looking at, the</p> <p>3 second paragraph on page 2, it says, "He</p> <p>4 regularly interacted with the national</p> <p>5 terrorist financing intelligence unit."</p> <p>6 Actually it says, "As such he regularly</p> <p>7 interacted with the national terrorist</p> <p>8 financing intelligence unit", do you see</p> <p>9 that?</p> <p>10 A. Yes.</p> <p>11 Q. Do the words as such meaning</p> <p>12 that in these overlapping cases you dealt</p> <p>13 with the NTFIU?</p> <p>14 A. Yes.</p> <p>15 Q. The last section on this</p> <p>16 page --</p> <p>17 A. Just to clarify that answer if</p> <p>18 I may. I also dealt with them in a more</p> <p>19 generic way around meeting with them in</p> <p>20 relation to generic anti-money laundering and</p> <p>21 regulatory issues and met with them at</p> <p>22 conferences and talks where we would discuss</p> <p>23 what's going on within the arena and what</p> <p>24 messages effectively corporately we needed to</p> <p>25 or try to put across to the people we were</p>
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<p>1 WALTERS</p> <p>2 Q. It was a bad question. Let me</p> <p>3 be more specific. In these overlapping</p> <p>4 investigations that you were involved with,</p> <p>5 did you ever have occasion to have experience</p> <p>6 with questions relating to the internal</p> <p>7 practices of U.K. banks?</p> <p>8 MR. BONNER: Objection to form.</p> <p>9 You can answer.</p> <p>10 A. In just about -- in most cases</p> <p>11 that we dealt with that's my team and the</p> <p>12 anti-terrorist unit there was -- I'm trying</p> <p>13 to think where there wasn't a regulated</p> <p>14 entity be it banks, lawyers, accountants,</p> <p>15 other regulated bodies, but normally banks.</p> <p>16 Majority of cases money is moved through</p> <p>17 banks which always brought up issues with the</p> <p>18 regulation of banks.</p> <p>19 Q. Did you ever have occasion to</p> <p>20 investigate a bank's conduct in relation to</p> <p>21 terrorist financing?</p> <p>22 A. I'd have to say I can't recall</p> <p>23 a specific case where that happened.</p> <p>24 Q. If you look further down on</p> <p>25 page 2, I'm sorry, if you look at the next</p>	<p>1 WALTERS</p> <p>2 meeting with so we just didn't purely</p> <p>3 duplicate each other.</p> <p>4 Q. Let's look at the last section</p> <p>5 on page 2 carry over to page 3 which</p> <p>6 describes a case involving Sri Lankan --</p> <p>7 funds relating to Sri Lanka and the Tamil</p> <p>8 Tigers, do you see that?</p> <p>9 A. Yes.</p> <p>10 Q. Is there any other instance</p> <p>11 that you recall in which you cooperated with</p> <p>12 the NTFIU on a specific investigation other</p> <p>13 than the one listed here?</p> <p>14 A. I should just clarify in giving</p> <p>15 my answers that I feel both legally and duty</p> <p>16 bound in some circumstances to be careful</p> <p>17 with how I answer because I'm subject to the</p> <p>18 Official Secrets Act and subject to</p> <p>19 confidential information I obtained during my</p> <p>20 time in the police so to qualify in that way</p> <p>21 I dealt on a number of cases.</p> <p>22 This one I feel able to talk</p> <p>23 about in more detail because it went to</p> <p>24 court, there were court hearings and it was</p> <p>25 easier to deal with.</p>

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<p>1 WALTERS</p> <p>2 Q. Is there any other case in</p> <p>3 which you cooperated with the NTFIU that you</p> <p>4 could describe in detail or are you not</p> <p>5 permitted to?</p> <p>6 A. Not that I can describe in</p> <p>7 detail.</p> <p>8 Q. Look at page 3 of your CV under</p> <p>9 the heading SAR assessment. It says here</p> <p>10 that another team within economic and</p> <p>11 specialist crime was the financial</p> <p>12 intelligence development unit which received</p> <p>13 SARs, correct?</p> <p>14 A. Yes.</p> <p>15 Q. Was there one FIDU for the</p> <p>16 whole economic and specialist crime command</p> <p>17 or was there an FIDU for different areas</p> <p>18 within the command?</p> <p>19 A. No, there was one. Again, it</p> <p>20 was a very rapidly changing set up, but I'll</p> <p>21 try and help you. I would say that there was</p> <p>22 one financial intelligence development unit</p> <p>23 that sat within the intelligence unit of the</p> <p>24 economic and specialist crime command and</p> <p>25 that was the point of contact for the daily</p>	<p>1 WALTERS</p> <p>2 Q. That includes SARs relating to</p> <p>3 terror financing, correct?</p> <p>4 A. That's correct.</p> <p>5 Q. Look at your report, paragraph</p> <p>6 85. The SARs -- and paragraph 86. The SARs</p> <p>7 you are referring to here are the SARs that</p> <p>8 were sent to the economic and specialist</p> <p>9 crime command, correct?</p> <p>10 A. Yes.</p> <p>11 Q. Now look at paragraph 92 and</p> <p>12 please read that to yourself. You were</p> <p>13 referring there to matters that did not go to</p> <p>14 the counter terrorism command in the first</p> <p>15 instance, but went to your command and you</p> <p>16 referred them to the counter terrorism</p> <p>17 command, correct?</p> <p>18 A. Yes, that's the kind of example</p> <p>19 where I would have it and following a bit of</p> <p>20 often either my assessment or having had some</p> <p>21 more work done on it that I would want to</p> <p>22 make sure the information also went</p> <p>23 elsewhere.</p> <p>24 Q. During your career, did you</p> <p>25 review any of the SARs that Nat West filed</p>
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<p>1 WALTERS</p> <p>2 receipt of all the SARs impacting London on</p> <p>3 behalf of the whole metropolitan police.</p> <p>4 Q. So that was the unit for all of</p> <p>5 the SARs received from London no matter the</p> <p>6 topic of the SAR?</p> <p>7 A. It wouldn't receive -- there</p> <p>8 was a -- within the overall system and this</p> <p>9 takes us on to SOCA who are the U.K. central</p> <p>10 point and SARs would have a degree of</p> <p>11 assessment and may well be allocated</p> <p>12 elsewhere depending on the topics so it's not</p> <p>13 all SARs. For instance, tax matters would go</p> <p>14 to Her Majesty's custom and revenue so in</p> <p>15 that way they would seek to allocate and</p> <p>16 certainly one of the areas where they would</p> <p>17 look to put SARs would be anti-terrorist</p> <p>18 would go to those responsible for</p> <p>19 investigating the anti-terrorist matters.</p> <p>20 Q. So SARs relating to</p> <p>21 anti-terrorists would not go to the FIDU</p> <p>22 within the economic and specialist crime</p> <p>23 department, it would go to the counter</p> <p>24 terrorism command, correct?</p> <p>25 A. That's correct.</p>	<p>1 WALTERS</p> <p>2 with respect to Interpol during your police</p> <p>3 career?</p> <p>4 A. No.</p> <p>5 Q. Those according to your</p> <p>6 understanding would have gone to the counter</p> <p>7 terrorism command, correct?</p> <p>8 A. Or its equivalent at the time.</p> <p>9 Q. I understand.</p> <p>10 A. I would have referred it</p> <p>11 straight there.</p> <p>12 Q. You were never a member of the</p> <p>13 NTFIU, correct?</p> <p>14 A. I was never a member of it, no.</p> <p>15 Q. You were never a member of</p> <p>16 special branch?</p> <p>17 A. I was never a member of special</p> <p>18 branch, no.</p> <p>19 Q. You were never a member of the</p> <p>20 anti-terrorist squad?</p> <p>21 A. No, I worked with them, but I</p> <p>22 was not a member.</p> <p>23 Q. You were never a member of the</p> <p>24 counter terrorism command?</p> <p>25 A. No, I wasn't.</p>

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1 WALTERS  
2 Q. You never worked for the FSA?  
3 A. No, again, I worked with the  
4 FSA on a number of matters, but I was never  
5 in the FSA.  
6 Q. On money laundering matters?  
7 A. On money laundering and  
8 regulation matters, yes.  
9 Q. You never worked for the NCIS?  
10 A. I was never a member of NCIS,  
11 but again, I regularly worked on cases  
12 alongside them.  
13 Q. Involving money laundering?  
14 A. Involving money laundering,  
15 yes.  
16 Q. You never worked for SOCA?  
17 A. No, they came into being from  
18 NCIS very similar, but I was never a member  
19 of SOCA.  
20 Q. You never worked for the  
21 Charity Commission?  
22 A. Never worked for the Charity  
23 Commission.  
24 Q. You worked with the Charity  
25 Commission on money laundering matters?

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1 WALTERS  
2 A. I had one particular case with  
3 money laundering matters where I worked with  
4 the charity.  
5 Q. The Shah case?  
6 A. No, that was the Baluchi case.  
7 Q. You submitted a witness  
8 statement in that case?  
9 A. On Baluchi?  
10 Q. Yes.  
11 A. I can't recall. I can't  
12 recall.  
13 Q. You did in the Shah case?  
14 A. In the Shah case I submitted a  
15 couple of witness statements.  
16 Q. You ever work for Her Majesty's  
17 Treasury?  
18 A. No, I worked very close with  
19 them, again, but not worked for them.  
20 Q. On money laundering matters?  
21 A. On related financial crime  
22 matters, yes.  
23 Q. Did you ever work for the  
24 Financial Sanctions Unit of the Bank of  
25 England?

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1 WALTERS  
2 A. No, I didn't.  
3 Q. Look at paragraph 78 of your  
4 first report. Is that accurate?  
5 A. I believe it is, yeah.  
6 Q. Paragraph 79, is that accurate?  
7 A. I believe it is, yes.  
8 Q. Based on your experience, were  
9 the members of special branch with whom you  
10 worked competent?  
11 MR. BONNER: Objection to form.  
12 A. In my career I worked with them  
13 on a number of different things at different  
14 times and there's different people. I find  
15 it very difficult to answer that. There were  
16 different people with different levels of  
17 skill. Some of them I worked with had skills  
18 in different areas so very difficult to  
19 answer that.  
20 Q. Do you know someone named Mark  
21 Ashtown?  
22 A. I can't recall whether I met  
23 him or not.  
24 Q. Bob Stevens?  
25 A. Again, I can't recall if I met

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1 WALTERS  
2 him or not.  
3 Q. Neil Bennett?  
4 A. I can't recall whether I met  
5 him or not.  
6 Q. Did you ever report to --  
7 withdrawn. When you were in the Metropolitan  
8 Police Service, was there a mechanism whereby  
9 if you thought one of your colleagues was not  
10 doing his or her job competently you could  
11 report that to your superior or a superior?  
12 A. There were routes to address  
13 performance issues.  
14 Q. Did you ever raise any  
15 performance issues relating to people you  
16 worked with in special branch?  
17 A. No, I didn't.  
18 Q. The anti-terrorist squad?  
19 A. No.  
20 Q. The NTFIU?  
21 A. I probably need to qualify that  
22 a little bit because there are many ways of  
23 raising performance issues and I from  
24 addressing it directly myself if I was  
25 witness to anything, from verbal advice there

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<p style="text-align: right;">Page 81</p> <p>1 WALTERS</p> <p>2 and then even if it wasn't somebody directly</p> <p>3 in my area of work or speaking quietly to</p> <p>4 their own line managers and seniors.</p> <p>5 Q. Did you ever make a formal</p> <p>6 report about anyone from NTFIU or the</p> <p>7 anti-terrorist squad or special branch?</p> <p>8 A. No, I don't believe I did.</p> <p>9 Q. NCIS?</p> <p>10 MR. BONNER: Formal report you</p> <p>11 talking about?</p> <p>12 A. Formal report?</p> <p>13 Q. Yes.</p> <p>14 A. No.</p> <p>15 Q. Did you ever make an informal</p> <p>16 report complaining about the competence of</p> <p>17 people in any of those areas?</p> <p>18 A. I don't recall making a</p> <p>19 complaint, but I would provide feedback to</p> <p>20 their senior officers and/or colleagues</p> <p>21 around where I perhaps felt that performance</p> <p>22 might be an issue, but informally.</p> <p>23 Q. Do you recall any specific</p> <p>24 instance in which you did that with respect</p> <p>25 to a member of special branch?</p>	<p style="text-align: right;">Page 83</p> <p>1 WALTERS</p> <p>2 inspector and acting chief inspector.</p> <p>3 Q. When the chief inspector</p> <p>4 position was empty?</p> <p>5 A. Either when it was -- it was</p> <p>6 either, yeah, vacant in some way or covering</p> <p>7 for people and that happened elsewhere as</p> <p>8 well.</p> <p>9 Q. Thereafter you were restored to</p> <p>10 detective inspector?</p> <p>11 A. Yes.</p> <p>12 Q. Let me show you what's been</p> <p>13 marked as Exhibit 10 which is something else</p> <p>14 we took from the MPS website. If you look at</p> <p>15 the second page, there is a description at</p> <p>16 the bottom of the rank structure of the MPS,</p> <p>17 do you see that?</p> <p>18 A. Yes, I do.</p> <p>19 Q. Is that accurate?</p> <p>20 A. Yes, it is.</p> <p>21 Q. Was it accurate during 2005 to</p> <p>22 2009?</p> <p>23 A. Yes, it was.</p> <p>24 Q. Was it accurate during 2003 to</p> <p>25 2009?</p>
<p style="text-align: right;">Page 82</p> <p>1 WALTERS</p> <p>2 A. I can't recall any specific</p> <p>3 issues, no.</p> <p>4 Q. Anti-terrorist squad?</p> <p>5 A. No.</p> <p>6 Q. NTFIU?</p> <p>7 A. No.</p> <p>8 Q. Anyone in the counter terrorism</p> <p>9 command?</p> <p>10 A. No, I can't recall any specific</p> <p>11 issues.</p> <p>12 Q. SOCA?</p> <p>13 A. I can't recall any specific</p> <p>14 issues.</p> <p>15 Q. Charity Commission?</p> <p>16 A. Again, I would have to say I</p> <p>17 don't recall any specific issues.</p> <p>18 Q. FSA?</p> <p>19 A. I can't recall any specific</p> <p>20 issues.</p> <p>21 Q. The highest rank you achieved</p> <p>22 at Scotland Yard was detective inspector,</p> <p>23 correct?</p> <p>24 A. Yes, it was. I was on</p> <p>25 different occasions temporary detective chief</p>	<p style="text-align: right;">Page 84</p> <p>1 WALTERS</p> <p>2 A. Yes, I think it has not changed</p> <p>3 for many years.</p> <p>4 Q. You were in the third position</p> <p>5 from the bottom of the page, you were an</p> <p>6 inspector with the prefix detective as</p> <p>7 described in the text at the bottom of the</p> <p>8 page, correct?</p> <p>9 A. Yes.</p> <p>10 Q. Look at page 2 of your CV again</p> <p>11 in Exhibit 1. Read to yourself the first</p> <p>12 paragraph under the heading Charity</p> <p>13 Commission?</p> <p>14 A. Yes.</p> <p>15 Q. Did you work with the Charity</p> <p>16 Commission on any case other than the Baluchi</p> <p>17 case?</p> <p>18 A. During my full service I have</p> <p>19 dealt with numerous crimes relating to</p> <p>20 charities. Sometimes -- often my office, you</p> <p>21 know, maybe I need to be more specific. I</p> <p>22 would have offices investigating these cases</p> <p>23 and I would be in charge of the case.</p> <p>24 There's an element of supervision sometimes,</p> <p>25 but I had a number of dealings and I can't</p>

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<p>1 WALTERS 2 recall how many. I dealt with an awful lot of 3 crime, but particularly around frauds where 4 the Charity Commission or charities were 5 engaged and when that happened we would try 6 to engage with the Charity Commission because 7 we feel that they needed to know. 8 Q. Did you ever have any -- 9 withdrawn. Did you ever work directly with 10 the Charity Commission other than in the 11 Baluchi case? 12 A. I didn't, no. 13 Q. Have you ever been employed by 14 a commercial or retail bank? 15 A. No, I haven't. 16 Q. Do you have any professional 17 training or education in bank policies? 18 A. Beyond the diploma? 19 Q. Correct. 20 A. No formal education. 21 Q. Do you have any professional 22 training on bank policies other than the 23 diploma? 24 A. No formal training, no. 25 Q. Other than the diploma,</p>	<p>1 WALTERS 2 have more access to intelligence sources than 3 do private banks? 4 MR. BONNER: Objection to form. 5 A. From my experience in working 6 with banks they are all very different, but 7 from my experience banks had databases at 8 times the police did not have and the police 9 had databases that banks didn't have. 10 Q. What about governmental 11 intelligence sources, in your experience who 12 had greater access to those, U.K. law 13 enforcement authorities or banks? 14 A. I think I would have to ask you 15 to qualify governmental -- what are 16 governmental intelligence sources? 17 Q. Th intelligence information 18 gained by Her Majesty's Government, in your 19 experience who had greater excess to that 20 information, U.K. law enforcement or banks? 21 A. Again, both those expressions 22 of governmental intelligence sources and law 23 enforcement are both very sweeping and to 24 some extent I would have to say within the 25 intelligence world would the banks depending</p>
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<p>1 WALTERS 2 everything you know about the internal 3 policies and procedures of British banks 4 comes from your work with the MPS, correct? 5 A. Yes, that's correct. 6 Q. Other than your diploma, 7 everything that you know about the regulation 8 of British banks comes from your work with 9 the MPS, correct? 10 A. That's correct, yes. Again, 11 just so I qualify it just a fraction, I was 12 employed by the MPS. In a lot of fields I 13 would undertake background work so I was 14 employed by the MPS so I would inform myself 15 as it were through reading and speaking to 16 people. 17 Q. Other than your diploma, 18 everything that you know about the regulation 19 of British banks comes from your work or 20 reading you did in connection with your 21 service with the Metropolitan Police Service, 22 correct? 23 A. Thank you, yes. 24 Q. Based on your experience, do 25 you agree that U.K. law enforcement agencies</p>	<p>1 WALTERS 2 on what's been worked on, I don't know if 3 banks have access to data that I'm unaware or 4 intelligence I'm unaware of. 5 Q. You are familiar with an entity 6 known as MI5? 7 A. I am, yes. 8 Q. You are familiar with an entity 9 known as MI6? 10 A. Yes. 11 Q. In your experience did you come 12 across any instance in which MI5 or MI6 13 shared information with a bank that it did 14 not share with law enforcement agencies? 15 A. I'm trying to think whether I 16 need to qualify my or whether I can answer 17 that. I don't think I can answer that 18 question. 19 Q. Why not? 20 A. Because of confidentiality 21 issues. 22 Q. Were you ever disciplined 23 during your career at the MPS? 24 A. No. 25 Q. Were you ever demoted from a</p>

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<p style="text-align: right;">Page 89</p> <p>1 WALTERS</p> <p>2 position when you were with the MPS?</p> <p>3 A. No.</p> <p>4 Q. Let me show you what's been</p> <p>5 marked as Exhibit 11 which is something taken</p> <p>6 from the FRA website. Have you ever seen</p> <p>7 this before?</p> <p>8 A. I have seen their website, yes.</p> <p>9 Q. You have seen this?</p> <p>10 A. I believe that I would have</p> <p>11 seen this, yes.</p> <p>12 Q. Do you have any reason to</p> <p>13 believe that FRA's website -- this page from</p> <p>14 FRA's website is inaccurate?</p> <p>15 MR. BONNER: Objection to form.</p> <p>16 A. Can I have a moment to read it?</p> <p>17 Q. Please.</p> <p>18 A. Yes.</p> <p>19 Q. Do you have any reason to</p> <p>20 believe that anything here is inaccurate?</p> <p>21 A. Not that I'm aware of, no.</p> <p>22 Q. Other than Ms. McLeod and her</p> <p>23 colleagues' work on the CL report, were you</p> <p>24 aware of any other work that FRA has done in</p> <p>25 the area of terror financing?</p>	<p style="text-align: right;">Page 91</p> <p>1 WALTERS</p> <p>2 have never written anything that's been</p> <p>3 published, correct?</p> <p>4 A. In terms of?</p> <p>5 Q. An article, a book?</p> <p>6 A. No.</p> <p>7 Q. Look at page 5 of your CV which</p> <p>8 is part of Exhibit 1. Read to yourself the</p> <p>9 section on publications and speaking</p> <p>10 engagements.</p> <p>11 A. Yes.</p> <p>12 Q. Is that accurate?</p> <p>13 A. I believe it is, yes. If I</p> <p>14 could qualify that. One of the things in</p> <p>15 reflecting on this when I was working I was</p> <p>16 not good at capturing all the things I was</p> <p>17 doing and all of the cases I was involved in</p> <p>18 and all of the lessons coming out of all of</p> <p>19 those cases because I was focused on the work</p> <p>20 in hand and in my career so I had numerous</p> <p>21 speaking engagements at different levels, but</p> <p>22 I don't have a record of all the ones that I</p> <p>23 went to.</p> <p>24 Q. Do you have any materials,</p> <p>25 written materials for any of your speaking</p>
<p style="text-align: right;">Page 90</p> <p>1 WALTERS</p> <p>2 A. No, I'm not.</p> <p>3 Q. Let me show you what's been</p> <p>4 marked as Exhibit 12 which is also a download</p> <p>5 from the FRA website. Have you ever seen</p> <p>6 this before?</p> <p>7 A. I can't recall reading it,</p> <p>8 but --</p> <p>9 Q. Let me show you what's been</p> <p>10 marked Exhibit 13, another download from the</p> <p>11 FRA website. Have you ever seen this before?</p> <p>12 Have you ever seen this before?</p> <p>13 A. I don't recall seeing it.</p> <p>14 Q. Let me show you what's been</p> <p>15 marked Exhibit 14 which is another download</p> <p>16 from the FRA website. Have you ever seen</p> <p>17 that?</p> <p>18 A. Yes, I have.</p> <p>19 Q. When did you first see it?</p> <p>20 A. When I agreed with them that I</p> <p>21 would work as a consultant for them.</p> <p>22 Q. Is this accurate in all</p> <p>23 respects?</p> <p>24 A. I believe it is, yes.</p> <p>25 Q. You can put that aside. You</p>	<p style="text-align: right;">Page 92</p> <p>1 WALTERS</p> <p>2 engagements, for example, notes or outlines</p> <p>3 or brochures?</p> <p>4 A. No.</p> <p>5 Q. You have nothing?</p> <p>6 A. No. If I'm asked to go and</p> <p>7 speak to people, I will bespoke a</p> <p>8 presentation depending on who I'm speaking</p> <p>9 to, what the messages are, what messages are</p> <p>10 coming across.</p> <p>11 Q. Do you have copies of any of</p> <p>12 your presentations you have given?</p> <p>13 A. I may -- I still have I think</p> <p>14 some copies of some power points that I have</p> <p>15 given.</p> <p>16 Q. Where do you have those, in</p> <p>17 your home?</p> <p>18 A. Yes.</p> <p>19 Q. Do you have anything else</p> <p>20 relating to the presentations you have given?</p> <p>21 A. Not that I can recall.</p> <p>22 Q. Have you ever served as an</p> <p>23 expert witness in a court proceeding before</p> <p>24 this one in any country?</p> <p>25 A. No.</p>

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<p>1 WALTERS</p> <p>2 Q. Have you ever been asked to</p> <p>3 serve as an expert witness in any court</p> <p>4 proceeding in any country before these cases?</p> <p>5 A. Not that I can recall, no.</p> <p>6 Q. Other than the Shah case, have</p> <p>7 you ever testified as a fact witness either</p> <p>8 through written testimony or oral testimony?</p> <p>9 A. I have given evidence in an</p> <p>10 awful lot of cases.</p> <p>11 Q. Criminal cases?</p> <p>12 A. Criminal cases in the U.K.</p> <p>13 Q. Cases that you were involved in</p> <p>14 investigating as a member of the MPS?</p> <p>15 A. That's correct.</p> <p>16 Q. Have you ever testified in a</p> <p>17 case other than one of those cases?</p> <p>18 A. All the testimony I've given</p> <p>19 has been on cases I've been involved in in</p> <p>20 some way.</p> <p>21 Q. Mr. Walters, you're not</p> <p>22 offering the opinion that Nat West knew that</p> <p>23 Interpal was financing terrorism, are you?</p> <p>24 MR. BONNER: Objection to form.</p> <p>25 A. That's not in my opinions.</p>	<p>1 WALTERS</p> <p>2 have looked at I'm bringing that awareness as</p> <p>3 well as what I experienced on a regular basis</p> <p>4 when dealing with financial crime in</p> <p>5 particular.</p> <p>6 Q. But you're not offering a legal</p> <p>7 opinion as to what U.K. law requires, are</p> <p>8 you?</p> <p>9 MR. BONNER: Objection to form.</p> <p>10 A. I'm not offering a legal</p> <p>11 opinion.</p> <p>12 Q. Look at your rebuttal report</p> <p>13 paragraph 192. Why don't you read that</p> <p>14 paragraph to yourself.</p> <p>15 A. Can I just go back before we</p> <p>16 move on to clarify something in an issue that</p> <p>17 came up earlier. When you presented to me</p> <p>18 the list of ranks within the Metropolitan</p> <p>19 Police Service, as I described earlier it's a</p> <p>20 hierarchal structure, it's a rank structure</p> <p>21 that's been around for a long time, but the</p> <p>22 roles performed by people at the different</p> <p>23 ranks are extremely different and varied with</p> <p>24 areas of responsibility that vary</p> <p>25 accordingly.</p>
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<p>1 WALTERS</p> <p>2 Q. You're not offering the opinion</p> <p>3 that Nat West knew that Interpal was</p> <p>4 providing funds to Hamas, correct?</p> <p>5 A. That's not in my opinions.</p> <p>6 Q. You are not offering the</p> <p>7 opinion that Nat West believed that Interpal</p> <p>8 was financing terrorism, are you?</p> <p>9 A. That's not in my opinions.</p> <p>10 Q. You are not offering the</p> <p>11 opinion that Nat West believed Interpal was</p> <p>12 funding Hamas, correct?</p> <p>13 A. Yeah, that's correct.</p> <p>14 q. You are not offering any</p> <p>15 opinions to the requirements of U.K. law, are</p> <p>16 you?</p> <p>17 MR. BONNER: Objection to form.</p> <p>18 A. I'm just thinking I'm not a</p> <p>19 lawyer, but I have worked with the law for 30</p> <p>20 years as a law enforcement officer. I have</p> <p>21 an awareness of the law, but in forming my</p> <p>22 opinions I cannot divorce it completely from</p> <p>23 what knowledge I do have of the law, but when</p> <p>24 forming those opinions on the circumstances</p> <p>25 that I looked at and the information that I</p>	<p>1 WALTERS</p> <p>2 Policing is increasingly a</p> <p>3 complex area so the answer I gave or as you</p> <p>4 pointed out if you'd like it's the third rank</p> <p>5 up or the 10th or 20th rank down which ever</p> <p>6 way you care to put it, but the roles and</p> <p>7 responsibilities can vary greatly between</p> <p>8 people of the same rank and in the roles I</p> <p>9 was playing as a detective inspector, I had</p> <p>10 big areas of responsibility and dealing with</p> <p>11 matters that arguably would normally be dealt</p> <p>12 with by chief officers because I regularly</p> <p>13 met chief officers from other countries and</p> <p>14 dealt with them at that sort of level so I</p> <p>15 just wanted to clarify that point.</p> <p>16 It's not as simple as someone</p> <p>17 is down here or up there. It's a more</p> <p>18 complex equation.</p> <p>19 Q. The areas of responsibility</p> <p>20 that you had are as stated in your CV plus</p> <p>21 the four years that you supplemented this</p> <p>22 morning, correct?</p> <p>23 A. On occasions I was also asked</p> <p>24 to deal with sort of to represent the</p> <p>25 metropolitan police at times on broader</p>

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1 WALTERS  
2 topics.  
3 Q. Understood. Look at paragraph  
4 192 of your rebuttal report.  
5 A. Thank you.  
6 Q. Read that to yourself, please.  
7 You see you refer to the global banking  
8 standards published by Basel, Wolfsberg and  
9 FATF, do you see those?  
10 A. I do.  
11 Q. When did you first read those?  
12 A. When I first -- when did I  
13 first --  
14 Q. Read those?  
15 A. Read those terms?  
16 Q. Read those standards if ever?  
17 A. I can't recall.  
18 Q. Have you ever read what you  
19 describe as the global banking standards  
20 published by Basel, Wolfsberg and FATF?  
21 A. I have read a great deal of  
22 material on -- I have read material from all  
23 three and in relation to both, not so much  
24 with Basel, but in relation to the Wolfsberg  
25 group I was asked to attend a meeting of one

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1 WALTERS  
2 of their working groups to discuss both  
3 anti-money laundering policies, procedures  
4 and that definitely, you know, also included  
5 counter terror financing.  
6 In relation to FATF, I had a  
7 lot of dealings with FATF and their matters.  
8 I can't recall with any of them when I first  
9 became aware of them.  
10 Q. That wasn't my question. My  
11 question was when did you first read the  
12 standards that you are referring to here?  
13 A. I can't recall.  
14 Q. Did you ever read them?  
15 A. I have read them. Whether I  
16 read them all or not I don't know.  
17 Q. What are the Basel standards  
18 that you are referring to specifically?  
19 A. I can't tell you.  
20 Q. What are the Wolfsberg  
21 standards you are referring to specifically?  
22 A. I can't tell you.  
23 Q. What are the FATF standards you  
24 are referring to specifically?  
25 A. I cannot give them off rope.

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1 WALTERS  
2 Q. Have you read any of those  
3 during the course of your engagement in these  
4 cases?  
5 A. Yes, I have.  
6 Q. Where did you do that?  
7 A. I did that during my general  
8 background reading.  
9 Q. Who gave them to you?  
10 A. I took it off the internet.  
11 Q. Off the Basel website?  
12 A. I can't recall. I really can't  
13 recall. It's not just -- I can't recall.  
14 Q. Did you retain copies of any of  
15 these standards in your files?  
16 A. No.  
17 Q. You read them on the internet,  
18 you didn't print them out?  
19 A. No.  
20 Q. But as you sit here, you can't  
21 identify specifically any of the Basel,  
22 Wolfsberg or FATF standards you are referring  
23 to?  
24 A. In terms of FATF I have a  
25 better knowledge because it's closer to the

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1 WALTERS  
2 work that I was doing than Basel or  
3 Wolfsberg.  
4 Q. What specifically by title what  
5 are the FATF standards that you are referring  
6 to here, can you tell me?  
7 A. The 40 plus 9 recommendations.  
8 Q. Anything else?  
9 A. They have accompanying guidance  
10 notes.  
11 Q. You read the 40 plus 9 in  
12 connection with your work on these matters?  
13 A. I read all of those on a number  
14 of occasions before.  
15 Q. Did you read them in connection  
16 with your work on these matters?  
17 A. I refreshed my memory about  
18 them.  
19 Q. Did you read them?  
20 A. Yes.  
21 Q. The guidance notes, did you  
22 read those in connection with your work on  
23 these matters?  
24 A. Some. I can't recall all.  
25 Q. You read them on the internet,

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1 WALTERS  
2 Q. Cases that you worked on during  
3 your career?  
4 A. Yes.  
5 Q. With the MPS?  
6 A. Yes, where I would meet people  
7 from regulated businesses and we would  
8 discuss issues.  
9 Q. Did any of your cases involve  
10 charities other than the Baluchi case?  
11 A. Over the years there's a number  
12 of cases that involved charities in different  
13 ways and that doesn't just include my time on  
14 economic and specialist crime. This is  
15 charities get exploited or abused in  
16 different ways by different people.  
17 Q. Did you ever have a case  
18 involving a charity and suspicions of terror  
19 financing?  
20 A. No, I didn't.  
21 Q. Look at paragraph 193 of your  
22 rebuttal report. You refer here to arbitrage  
23 between legal jurisdictions. What do you  
24 mean by that?  
25 A. This was a subject that came up

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1 WALTERS  
2 in various times in discussions with banks  
3 and other regulated entities and people  
4 within the regulators. It was including when  
5 working with government, other government  
6 departments and legislators where what I mean  
7 is with increased globalization there is a  
8 threat that corporations or people can decide  
9 where they are going to base themselves where  
10 they are subject to less strict scrutiny and  
11 regulation which will allow them to operate  
12 less transparently than else where so easier  
13 regulation to manage and so what I mean is  
14 the global standards and practices everybody  
15 that I dealt with consistently agreed needed  
16 to be enforced in such a way that  
17 institutions could not just decide they  
18 wanted to go else where and develop a  
19 financial center for instance somewhere that  
20 had no regulation.  
21 Q. To your knowledge Nat West has  
22 always been based in the U.K., correct?  
23 A. To my knowledge, yes.  
24 Q. Is it your understanding that  
25 banks have to apply the counter terrorist

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1 WALTERS  
2 designations of every country in the world  
3 regardless of where the banks are located and  
4 what countries a transaction might involve?  
5 MR. BONNER: Objection to form.  
6 A. My experience in speaking with  
7 financial institutions and regulators was  
8 that it wasn't just about the legal  
9 requirements, it was also the spirit of the  
10 legislation and standards that had been  
11 bought in and the discussions taking place to  
12 try and deal with the globalization issue and  
13 to have the standards so consistent.  
14 Consistent agreement I found in discussions  
15 was that people would work to implement the  
16 highest standards that they operated in and  
17 in doing that and operating with different  
18 standards in different places and the  
19 legislation that applied, sometimes it could  
20 create tensions in terms of legally they  
21 would have problems, but they would work to  
22 the spirit of operating across the globe in a  
23 way that satisfied all of the requirements in  
24 areas that they operated.  
25 Q. To your understanding

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1 WALTERS  
2 considering the legal requirements, is a  
3 British bank in its provision of services to  
4 a British customer required to follow the  
5 United States counter terrorist designations?  
6 A. I'm not a lawyer and I don't  
7 opine on the legal issues.  
8 Q. To your understanding given the  
9 spirit of the legislation that you refer to,  
10 must a British bank serving a British  
11 customer in Britain abide by the counter  
12 terrorist designations made by the United  
13 States?  
14 MR. BONNER: Objection to form.  
15 You can answer.  
16 A. My experience in this --  
17 Q. I'm asking for your  
18 understanding.  
19 A. My understanding is that  
20 British institutions would take due note of  
21 the standards being applied and the  
22 legislation that's applied anywhere they were  
23 doing business that could effect them in some  
24 way.  
25 Q. My question was different. My

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1 WALTERS  
2 would take note of any listing and it's  
3 another piece of the jigsaw that has to be  
4 assessed.  
5 Q. You're aware from your review  
6 of the file that Nat West expressly notified  
7 NCIS and the Bank of England of the fact that  
8 Interpal had been designated in the U.S. in  
9 August of 2003, correct?  
10 A. Yes.  
11 Q. You're aware that Her Majesty's  
12 Government decided not to designate Interpal,  
13 correct?  
14 A. At that time, yes.  
15 Q. Interpal has never been  
16 designated in the U.K., correct, to this day?  
17 A. I genuinely can't recall.  
18 Q. You will recall that when Nat  
19 West wrote to the Bank of England  
20 [REDACTED]  
21 [REDACTED]  
22 [REDACTED]  
23 [REDACTED]  
24 [REDACTED] correct, yes or no?  
25 A. I don't think I can answer that

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1 WALTERS  
2 with a yes or no.  
3 Q. Didn't you read that in the  
4 letter that Mr. Dawlings sent to Mr. Gossage?  
5 A. I think there is -- perhaps we  
6 could refer to those sections in my report.  
7 Q. I'm just asking whether you  
8 remember that Mr. Dawlings wrote that to Mr.  
9 Gossage that [REDACTED]  
10 [REDACTED]  
11 A. I can't remember the exact  
12 wording.  
13 Q. Let me ask you this --  
14 A. Because if I could just qualify  
15 that, I don't recall the exact wording. If  
16 you could produce it, but I don't think  
17 anyone would know -- [REDACTED]  
18 [REDACTED]  
19 [REDACTED]  
20 [REDACTED]  
21 [REDACTED]  
22 [REDACTED]  
23 [REDACTED]  
24 [REDACTED]  
25 Q. Let me show you what's been

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1 WALTERS  
2 marked as Exhibit 37. Have you ever seen  
3 that before? It's a letter that Mr. Gossage  
4 of Nat West wrote to Mr. Dawlings of the Bank  
5 of England Financial Sanctions Unit on  
6 September 5, 2003. It also contains Mr.  
7 Gossage's response and then it contains a  
8 reply by Mr. Dawlings. Have you ever seen  
9 these letters before?  
10 A. If I could just have a moment  
11 to refresh myself. Yes.  
12 Q. You have seen these and you  
13 considered them in connection with your  
14 reports, correct?  
15 A. Yes, I did.  
16 Q. In the first letter from Mr.  
17 Gossage to Mr. Dawlings [REDACTED]  
18 [REDACTED]  
19 [REDACTED], correct?  
20 A. That's correct, yes.  
21 Q. And he concludes [REDACTED]  
22 [REDACTED]  
23 [REDACTED]  
24 [REDACTED] er  
25 [REDACTED] do you

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1 WALTERS  
2 see that?  
3 A. Yes.  
4 Q. If you look at Mr. Dawlings  
5 response [REDACTED]  
6 [REDACTED]  
7 [REDACTED]  
8 [REDACTED]  
9 [REDACTED]  
10 [REDACTED] you see that?  
11 A. Yes.  
12 [REDACTED]  
13 [REDACTED]  
14 [REDACTED]  
15 [REDACTED]  
16 [REDACTED]  
17 [REDACTED]  
18 [REDACTED]  
19 [REDACTED]  
20 [REDACTED]  
21 Q. Mr. Dawlings says, '  
22 [REDACTED]  
23 [REDACTED]  
24 [REDACTED]  
25 You read that in connection with your work in

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<p>1 WALTERS 2 preparation for your report? 3 A. Yes, I did. 4 Q. In connection with your work on 5 the report, have you spoken with anyone from 6 any U.K. law enforcement authorities about 7 Interpal? 8 A. Not at all, no. 9 Q. Have you spoken with HMT? 10 A. No. 11 Q. SOKA? 12 A. No. 13 Q. FSA? 14 A. No. 15 Q. Anyone at all associated with 16 Her Majesty's Government? 17 A. No. 18 Q. Or U.K. law enforcement 19 authorities? 20 A. No. 21 Q. Are you aware of any plans 22 since October 3, 2003 to designate Interpal 23 as a terrorist entity under U.K. law? 24 A. No, I'm not. 25 Q. I notice that you did not list</p>	<p>1 WALTERS 2 Q. You understand that United 3 States authorities made presentations to Her 4 Majesty's Government on the reasons why the 5 U.S. wished for the U.K. to designate 6 Interpal, correct? 7 A. I have not got any detailed 8 knowledge about it, but I could believe that 9 they were having discussions. 10 Q. Her Majesty's -- 11 A. -- about that. 12 Q. About that, correct? About 13 that subject? 14 A. I don't know of those 15 discussions. 16 Q. But you read of them? 17 A. I can't recall. 18 Q. Her Majesty's Government 19 declined to follow the U.S. designation, 20 correct? 21 A. At this stage, yes. 22 Q. Meaning as of June 8, 2011? 23 A. As far as I'm aware, yes. 24 MR. BONNER: Just one thing to 25 clarify about the list of documents.</p>
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<p>1 WALTERS 2 this document among those you listed in 3 Appendix 1 to your second report as documents 4 you relied upon in your report. Why is that? 5 A. I have made a mistake I think. 6 I do apologize. It's referenced in the 7 report itself. 8 Q. Look at paragraph 86 of your 9 second report. In paragraph 86 among other 10 things you say that in the second sentence 11 that Nat West "had several clear 12 opportunities to discuss its potential 13 options with law enforcement and to obtain 14 clear guidance. Nat West failed however to 15 take action on such opportunities." Didn't 16 Nat West take such an opportunity in this 17 letter that Mr. Gossage wrote to Mr. 18 Dawlings? 19 A. If I go back to the letter in 20 simple terms he did. 21 Q. Okay. 22 A. But the information that was 23 sent without knowing what else was shared 24 isn't the full amount of information in the 25 hands of the World Bank of Scotland.</p>	<p>1 WALTERS 2 MR. ISRAEL: I think it's 3 actually listed in Appendix 1. 14506 4 was also produced as 14551. 5 MR. FRIEDMAN: Thank you. It's 6 a different production number? 7 MR. ISRAEL: Yes. 8 MR. FRIEDMAN: It's the same 9 document, okay. 10 Q. Look at paragraph 194 of your 11 rebuttal. You say here that an international 12 bank has an obligation to adopt the most 13 stringent international standards available. 14 Does that mean that a bank needs to apply the 15 terrorist designations of all of the 16 countries of the world to transactions that 17 go through that bank, yes or no? 18 MR. BONNER: Objection to form. 19 A. What I'm saying here is my 20 experience was that everybody agreed, all the 21 people in banking and others around the 22 anti-money laundering and counter terrorism 23 financing agenda was that this was a global 24 issue and the engagement in a consistent way 25 was going to be the most effective method to</p>

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1 WALTERS  
2 prevent terrorism and from that there was if  
3 not a legal obligation to me then a practical  
4 obligation which I'm not a lawyer and that  
5 built expectations on the parts of people  
6 that the highest standards would be applied  
7 by global groups across all the jurisdictions  
8 they were dealing.  
9 Q. When you say higher standards,  
10 do you mean that if a global banking group is  
11 in two countries, it needs to apply the  
12 designations of -- the terrorist designations  
13 of both countries to all transactions that go  
14 through that group?  
15 MR. BONNER: Objection to form.  
16 A. I don't say that they have to  
17 apply the designation, but as I say here they  
18 have to give what I'm calling proper weight  
19 to a designation. Proper weight I know --  
20 I'll leave it there. Wherever the  
21 designation is it has to be taken into  
22 account.  
23 Q. Look again at Mr. Dawlings'  
24 letter that's part of Exhibit 37.  
25 [REDACTED]

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1 WALTERS  
2 [REDACTED]  
3 [REDACTED]  
4 [REDACTED]  
5 [REDACTED]  
6 [REDACTED]  
7 [REDACTED]  
8 Q. Look at paragraph 200 of your  
9 rebuttal report, please. In the middle of  
10 that paragraph you refer to international  
11 banking standards and international AML and  
12 CTF standards. Are you referring to anything  
13 more than what you've already described in  
14 your testimony today?  
15 MR. BONNER: Objection to form.  
16 Q. Are there any additional  
17 standards you are referring to beyond what  
18 you described?  
19 MR. BONNER: Objection to form.  
20 A. I believe we've covered the  
21 standards we are talking about.  
22 Q. Look at paragraph 8 of your  
23 rebuttal report. You refer in paragraph 8 to  
24 "minimum banking standards published during  
25 the relevant period." Are you referring to

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1 WALTERS  
2 the FATF, Wolfsberg and Basel standards?  
3 A. I'm using it again as an open  
4 term, a non specific term. The standards as  
5 I understood them from all my dealings with  
6 institutions, regulatory authorities and  
7 others engaged in this work.  
8 Q. Not quite, Mr. Walters, because  
9 I know the sentence comes from Ms. McLeod's  
10 report, but you use the word published. You  
11 refer to the minimum banking standards  
12 published during the relevant period. It's  
13 not your understanding that banks publish  
14 their internal policies publicly, correct?  
15 A. They wouldn't publish them.  
16 Q. So what published minimum  
17 banking standards are you referring to here  
18 or are you just adopting Ms. McLeod's  
19 definition?  
20 MR. BONNER: Objection to form.  
21 A. In using this I was including  
22 the general standards that I would now  
23 acknowledge are not necessarily published in  
24 terms of public publications or published  
25 publicly, but, you know, the standards even

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2 internal within a bank are published within  
3 that bank.  
4 Q. What standards that were  
5 published publicly are you referring to here?  
6 A. It would be the ones we've  
7 spoken of, Basel, FATF and including in that  
8 I would say the broader U.N. related  
9 material.  
10 Q. What U.N. related material?  
11 A. I forget the -- the U.N.  
12 published or there was a convention and I  
13 forget the actual title of it related to  
14 suppression of terrorism.  
15 Q. Did you ever read that?  
16 A. I've read parts.  
17 Q. When?  
18 A. I can't recall. I probably  
19 read different parts at different times when  
20 it's come up in cases or debate.  
21 Q. Where, where did you read it?  
22 A. I'd normally find these things  
23 either on the internet or in discussions with  
24 people around these topics.  
25 Q. You don't remember the title of

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<p style="text-align: right;">Page 133</p> <p>1 WALTERS</p> <p>2 the convention?</p> <p>3 A. As I sit here now, no.</p> <p>4 Q. Did you read it in connection</p> <p>5 with your work on these cases?</p> <p>6 A. I can't recall.</p> <p>7 Q. Did you read the U.N.</p> <p>8 convention in connection with your police</p> <p>9 work?</p> <p>10 A. I can't recall when I have seen</p> <p>11 parts of it.</p> <p>12 Q. Did you ever investigate anyone</p> <p>13 for violating the U.N. convention?</p> <p>14 A. No.</p> <p>15 Q. Did you ever investigate anyone</p> <p>16 for violating the FATF principals?</p> <p>17 A. I think you would have to -- I</p> <p>18 think we get into an area of what is</p> <p>19 investigating a breach of FATF principals.</p> <p>20 Q. Are FATF principals --</p> <p>21 A. Because they are not</p> <p>22 legislation as I understand it. They are</p> <p>23 standards. Did I have debates about whether</p> <p>24 even countries are compliant with those</p> <p>25 standards, yes, I did, on various occasions.</p>	<p style="text-align: right;">Page 135</p> <p>1 WALTERS</p> <p>2 A. I believe I have when I was</p> <p>3 with the police.</p> <p>4 Q. Have you ever read the money</p> <p>5 laundering regulations of 2003?</p> <p>6 A. I believe I have when I was</p> <p>7 with the metropolitan police.</p> <p>8 Q. Look at paragraph 5 of your</p> <p>9 rebuttal report. In this paragraph you use</p> <p>10 the term "standard terrorist financing</p> <p>11 investigation." You see that?</p> <p>12 MR. BONNER: Where is it, how</p> <p>13 far down?</p> <p>14 Q. Do you see that term, it's</p> <p>15 eight lines down, Mr. Walters, in paragraph</p> <p>16 5?</p> <p>17 A. Yes.</p> <p>18 Q. Have you ever used that term</p> <p>19 before your work on these cases?</p> <p>20 A. No, I don't believe I have.</p> <p>21 Well, I would have to qualify that. I would</p> <p>22 say I don't believe I have.</p> <p>23 Q. Have you ever seen that term</p> <p>24 used anywhere other than in your report?</p> <p>25 A. I can't recall.</p>
<p style="text-align: right;">Page 134</p> <p>1 WALTERS</p> <p>2 Q. Did you ever investigate anyone</p> <p>3 for violating any Basel principals?</p> <p>4 A. Again, it was more generic</p> <p>5 debate at meetings around standards.</p> <p>6 Q. When you were with the police?</p> <p>7 A. When I was with the police.</p> <p>8 Q. Did you ever investigate anyone</p> <p>9 for violating Wolfsberg principals?</p> <p>10 A. Again, generic conversations or</p> <p>11 discussions rather than individual either</p> <p>12 countries, institutions or people.</p> <p>13 Q. Do you have a copy of the JMLSG</p> <p>14 guidance notes?</p> <p>15 A. No, I don't.</p> <p>16 Q. Do you have a copy of any FSA</p> <p>17 money laundering source book?</p> <p>18 A. No, I don't.</p> <p>19 Q. Have you ever looked at an FSA</p> <p>20 money laundering source book?</p> <p>21 A. Yes, I have.</p> <p>22 Q. When you were with the police?</p> <p>23 A. When I was with the police.</p> <p>24 Q. Have you ever read the money</p> <p>25 laundering regulations 1993?</p>	<p style="text-align: right;">Page 136</p> <p>1 WALTERS</p> <p>2 Q. Did you get that term from any</p> <p>3 other source before using it in your report?</p> <p>4 A. I can't recall.</p> <p>5 Q. You signed this report three</p> <p>6 months ago, correct?</p> <p>7 A. That's correct.</p> <p>8 Q. Have you ever heard of anyone</p> <p>9 else using the term standard terrorist</p> <p>10 financing investigation?</p> <p>11 A. Not that I can recall any</p> <p>12 specific instances.</p> <p>13 Q. What do you mean by the term</p> <p>14 standard terrorist financing investigation?</p> <p>15 A. Although every single</p> <p>16 investigation is different, the investigation</p> <p>17 of crime usually follows particular paths so</p> <p>18 a terrorist financing investigation would</p> <p>19 normally follow what I would describe as a</p> <p>20 standard investigative procedure.</p> <p>21 Q. You're talking about a police</p> <p>22 procedure?</p> <p>23 A. Process and procedure, yes.</p> <p>24 Q. You're talking about a standard</p> <p>25 police process and procedure, correct?</p>

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<p style="text-align: right;">Page 137</p> <p>1 WALTERS</p> <p>2 A. Yes, a methodology to</p> <p>3 investigate this.</p> <p>4 Q. Conducted by the police based</p> <p>5 on your experience with the MPS?</p> <p>6 A. Yes.</p> <p>7 Q. Did you ever lead a terrorist</p> <p>8 financing investigation with the MPS?</p> <p>9 A. I led investigations that had</p> <p>10 some terrorist issues one of which I've set</p> <p>11 out there.</p> <p>12 Q. The Sri Lanka case?</p> <p>13 A. Yes.</p> <p>14 Q. Terrorist financing</p> <p>15 investigations during your tenure with the</p> <p>16 MPS were the responsibility of the counter</p> <p>17 terrorism command, correct?</p> <p>18 A. In its various forms, yes.</p> <p>19 Q. If you read on in paragraph 5</p> <p>20 in the last sentence you say to the extent</p> <p>21 that Nat West did not and I'll fill in the</p> <p>22 words follow a standard terrorist financing</p> <p>23 investigation, "I identified specific</p> <p>24 deviations to make an assessment of whether</p> <p>25 they amounted to major deviations and</p>	<p style="text-align: right;">Page 139</p> <p>1 WALTERS</p> <p>2 would this be and I think that's, yeah.</p> <p>3 Q. What standards were you just</p> <p>4 referring to?</p> <p>5 A. The standards that I would have</p> <p>6 expected from my experience to have seen.</p> <p>7 Q. Of the bank?</p> <p>8 A. Yeah.</p> <p>9 Q. But you've never investigated a</p> <p>10 bank for involvement in terror financing,</p> <p>11 correct?</p> <p>12 A. No.</p> <p>13 Q. That's correct, you have never</p> <p>14 done that?</p> <p>15 A. That's correct.</p> <p>16 Q. Is this related to the</p> <p>17 deviations analysis that we saw in the FRA</p> <p>18 time sheets that was done in connection with</p> <p>19 your work?</p> <p>20 A. Deviations is a term that I got</p> <p>21 from FRA, but to me it does describe what</p> <p>22 we're looking at here and I'm happy to use</p> <p>23 it.</p> <p>24 Q. Did you refer in applying this</p> <p>25 methodology to anything other than what was</p>
<p style="text-align: right;">Page 138</p> <p>1 WALTERS</p> <p>2 delineated the significant deviations. I</p> <p>3 also provided and reference the bases in the</p> <p>4 record from my conclusion that there were</p> <p>5 indeed major deviations", do you see that?</p> <p>6 A. Yes, I do.</p> <p>7 MR. BONNER: Objection to form.</p> <p>8 MR. FRIEDMAN: Did I misquote</p> <p>9 it?</p> <p>10 MR. BONNER: I think so.</p> <p>11 MR. FRIEDMAN: How so. What do</p> <p>12 you mean?</p> <p>13 MR. ISRAEL: It says to the end</p> <p>14 of the preceding sentence to</p> <p>15 determine whether the defendant in</p> <p>16 fact operated the Interpal accounts</p> <p>17 as expected.</p> <p>18 MR. FRIEDMAN: I see.</p> <p>19 Q. What do you mean by a</p> <p>20 deviation, what do you mean by a major</p> <p>21 deviation and what's the difference between</p> <p>22 the two?</p> <p>23 A. They are subjective. That would</p> <p>24 be a subjectivity on my part to try and</p> <p>25 describe how far off normal or the standards</p>	<p style="text-align: right;">Page 140</p> <p>1 WALTERS</p> <p>2 provided to you by FRA?</p> <p>3 MR. BONNER: Objection to form.</p> <p>4 A. My knowledge.</p> <p>5 Q. Anything else?</p> <p>6 A. Not that I can recall.</p> <p>7 Q. Have you ever before in your</p> <p>8 life, in your professional life conducted an</p> <p>9 analysis as to whether a bank's operation</p> <p>10 from an account -- operation of an account</p> <p>11 deviated from the standards you describe?</p> <p>12 A. Yes.</p> <p>13 Q. Tell me about that?</p> <p>14 A. I think confidentiality</p> <p>15 precludes me from talking about it.</p> <p>16 Q. It was during the course of</p> <p>17 your work with the MPS?</p> <p>18 A. Yes.</p> <p>19 Q. In connection with a money</p> <p>20 laundering investigation?</p> <p>21 A. In relation to money laundering</p> <p>22 on a number of occasions, yes.</p> <p>23 Q. You say you got the term</p> <p>24 deviation from FRA?</p> <p>25 A. Yes.</p>

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<p style="text-align: right;">Page 141</p> <p>1 WALTERS 2 Q. Did you get the term major 3 deviation from FRA? 4 A. Well, only in terms of using 5 subjective terms it's a way of saying this 6 one is slightly off course and this one is 7 well off course. 8 Q. Subjectively? 9 A. A subjective term. 10 Q. Based on your assessment? 11 A. Based on my opinion, yes. 12 Q. Did you consult any 13 publications on this subject as to what 14 differentiates a deviation from a major 15 deviation? 16 A. No, I didn't. 17 Q. Are you aware of any standards 18 that FRA used in distinguishing between a 19 deviation and a major deviation? 20 A. Not that I can recall, no. 21 Q. You read Ms. McLeod's testimony 22 about her deviation analysis with respect to 23 Credit Lyonnais? 24 A. Yes. 25 Q. Did you follow the same</p>	<p style="text-align: right;">Page 143</p> <p>1 WALTERS 2 analysis? 3 A. Subjective analysis, yes. 4 Q. What is the difference between 5 significant and major according to your 6 subjective analysis? 7 A. I can't really recall why I 8 have it worded in this way. If you ask me 9 now -- 10 Q. What did you mean in your 11 report? If you don't recall? 12 A. I was trying to explain that in 13 my analysis I'm going to identify what 14 happened that was a deviation from what I 15 would have expected and how major that is. 16 Whether I use a term major there and then 17 significant, you know, how significant it was 18 in relation to the background and the 19 context. 20 Q. What is the greater deviation, 21 a significant deviation or a major deviation 22 as you use the terms in your report that you 23 wrote? 24 A. I think I would put major 25 deviation as the more serious.</p>
<p style="text-align: right;">Page 142</p> <p>1 WALTERS 2 methodology she did? 3 MR. BONNER: Objection to form. 4 A. I don't know. 5 Q. You also use the term 6 significant deviations. Is there any 7 difference between a significant deviation 8 and a major deviation as you use the terms? 9 A. I think I would -- I think we 10 would need to look through all of the 11 circumstances and the individual times when 12 there are deviations to reflect on which ones 13 were -- why I would use a particular 14 adjective in a particular circumstance. 15 Q. In this paragraph you use three 16 terms that I want you to focus on; specific 17 deviations, significant deviations and major 18 deviations. Please tell us what's the 19 difference between those three? 20 A. It's really setting out that 21 there are and I would have -- it's setting 22 out that there are some that I think are 23 clearly specific things that have happened, 24 major things and significant things. 25 Q. Based on your subjective</p>	<p style="text-align: right;">Page 144</p> <p>1 WALTERS 2 Q. Do you have any professional 3 education in applying this type of 4 methodology? 5 A. Sorry, can you repeat that? 6 Q. Do you have any professional 7 education in applying this kind of 8 methodology? 9 A. No. 10 Q. Have you ever seen this 11 methodology applied anywhere other than in 12 Ms. McLeod's CL report? 13 A. No. 14 Q. I may have asked you this 15 earlier, but I just want to make sure. In 16 the course of your work on these cases did 17 you look at any NCIS records? 18 A. NCIS records? 19 Q. Did you have access to any 20 files of NCIS? 21 A. At various times and in various 22 ways, yes. 23 Q. For work on this case? 24 A. On this case, no, not at all. 25 Q. SOCA?</p>

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<p style="text-align: right;">Page 145</p> <p>1 WALTERS</p> <p>2 A. No.</p> <p>3 Q. NTFIU?</p> <p>4 A. No.</p> <p>5 Q. Special branch?</p> <p>6 A. No.</p> <p>7 Q. HMT?</p> <p>8 A. No.</p> <p>9 Q. I'm sorry, I think I asked you</p> <p>10 this, but just to make sure, you never spoke</p> <p>11 with any of these agencies about Interpal,</p> <p>12 correct?</p> <p>13 A. That's correct.</p> <p>14 Q. Look at paragraph 10 of your</p> <p>15 report. Read that to yourself.</p> <p>16 A. Yes.</p> <p>17 Q. Based on your testimony that</p> <p>18 you did not consult any law enforcement</p> <p>19 documents and never spoke with any law</p> <p>20 enforcement agencies about Interpal, you</p> <p>21 really don't know whether anything that Nat</p> <p>22 West did or didn't do negatively effected</p> <p>23 their assessments, correct?</p> <p>24 MR. BONNER: Objection to form.</p> <p>25 A. I had a lot of experience in</p>	<p style="text-align: right;">Page 147</p> <p>1 WALTERS</p> <p>2 able to properly and fully assess Interpal's</p> <p>3 conduct, do you?</p> <p>4 MR. BONNER: Objection to form.</p> <p>5 Q. You don't know that, do you?</p> <p>6 MR. BONNER: Objection.</p> <p>7 A. I have seen material here that</p> <p>8 I don't know, but I don't believe was</p> <p>9 available to the officers making the</p> <p>10 assessments or the people making at</p> <p>11 assessments. When we were speaking about the</p> <p>12 letter to Mr. Dawlings and Mr. Gossage, he</p> <p>13 [REDACTED]</p> <p>14 [REDACTED]</p> <p>15 [REDACTED]</p> <p>16 [REDACTED]</p> <p>17 [REDACTED]</p> <p>18 [REDACTED]</p> <p>19 [REDACTED]</p> <p>20 [REDACTED]</p> <p>21 [REDACTED]</p> <p>22 [REDACTED]</p> <p>23 [REDACTED] so if</p> <p>24 that was the only document I had been looking</p> <p>25 at I would make an assessment based on that</p>
<p style="text-align: right;">Page 146</p> <p>1 WALTERS</p> <p>2 assessing intelligence and information that</p> <p>3 would be passed to the police and there was a</p> <p>4 reliance on taking that information and</p> <p>5 making an assessment as to what are the</p> <p>6 police or other authorities going to do about</p> <p>7 it and I believe it would have been helpful</p> <p>8 if all of the information available had been</p> <p>9 given in a much more as I describe it full</p> <p>10 and frank way to allow people who are</p> <p>11 responding to educate that response and to be</p> <p>12 better informed.</p> <p>13 Q. But because you've never spoken</p> <p>14 with them and never looked at their records,</p> <p>15 you don't know whether anything Nat West did</p> <p>16 or didn't do actually negatively effected</p> <p>17 their assessments, do you, you don't know</p> <p>18 that?</p> <p>19 A. I can't speculate on matters I</p> <p>20 don't know.</p> <p>21 Q. Look at paragraph 241. Read</p> <p>22 that to yourself. Likewise, Mr. Walters,</p> <p>23 because you haven't spoken with law</p> <p>24 enforcement, you haven't looked at their</p> <p>25 records, you don't know whether they were</p>	<p style="text-align: right;">Page 148</p> <p>1 WALTERS</p> <p>2 sole document so in that way even within that</p> <p>3 small example I don't think we can isolate</p> <p>4 individual bits of information and expect</p> <p>5 people to be able to make well informed</p> <p>6 decisions and I'm not guessing what or</p> <p>7 speculating on what decisions, but it would</p> <p>8 definitely effect -- it must effect the</p> <p>9 decision making.</p> <p>10 Q. Have you read all of the NCIS</p> <p>11 and NTFIU disclosures that Nat West made</p> <p>12 about Interpal?</p> <p>13 A. The ones that have been</p> <p>14 submitted, yes.</p> <p>15 Q. Have you seen any evidence that</p> <p>16 any law enforcement agency asked Nat West for</p> <p>17 any information that it did not provide?</p> <p>18 A. There was a production order</p> <p>19 served, but what I haven't identified and it</p> <p>20 is the documents that were given in response</p> <p>21 and I haven't identified the communication</p> <p>22 that Mr. Dawlings speaks about following</p> <p>23 discussions between RBS groups, special</p> <p>24 branch and the Charities Commission.</p> <p>25 Q. Have you seen any evidence that</p>

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<p>1 WALTERS</p> <p>2 any law enforcement agency ever complained to</p> <p>3 Nat West about the extent or quality of the</p> <p>4 information it was provided?</p> <p>5 A. From my experience in dealing</p> <p>6 with these --</p> <p>7 Q. I asked you if you have seen</p> <p>8 any evidence of that?</p> <p>9 A. I haven't seen any evidence of</p> <p>10 that.</p> <p>11 Q. Go to paragraph 12 of your</p> <p>12 report. Could you read that to yourself.</p> <p>13 MR. FRIEDMAN: Sorry, should we</p> <p>14 break for lunch now given the time?</p> <p>15 MR. BONNER: If you are moving</p> <p>16 on to something different.</p> <p>17 MR. FRIEDMAN: Let me just ask</p> <p>18 about paragraph 12.</p> <p>19 Q. You write here that the</p> <p>20 Palestinian territories Jordan and Lebanon</p> <p>21 were to use your phrase "high risk</p> <p>22 jurisdictions", correct?</p> <p>23 A. Yes.</p> <p>24 Q. What do you mean by the term</p> <p>25 high risk jurisdictions?</p>	<p>1 WALTERS</p> <p>2 off the record. The time is 1:06 p.m.</p> <p>3 June 8, 2011.</p> <p>4 (Luncheon recess taken at</p> <p>5 1:06 p.m.)</p> <p>6</p> <p>7</p> <p>8</p> <p>9</p> <p>10</p> <p>11</p> <p>12</p> <p>13</p> <p>14</p> <p>15</p> <p>16</p> <p>17</p> <p>18</p> <p>19</p> <p>20</p> <p>21</p> <p>22</p> <p>23</p> <p>24</p> <p>25</p>
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<p>1 WALTERS</p> <p>2 A. The amount of terrorism going</p> <p>3 on in those regions and as I would understand</p> <p>4 from my general knowledge that those issues</p> <p>5 would make those high risk jurisdictions.</p> <p>6 Q. That's your subjective</p> <p>7 definition?</p> <p>8 A. That's my subjective</p> <p>9 definition.</p> <p>10 Q. You're aware that FATF from</p> <p>11 time to time has published a list of high</p> <p>12 risk jurisdictions, correct?</p> <p>13 A. Yes.</p> <p>14 Q. Palestine and Jordan have never</p> <p>15 appeared on that list, correct?</p> <p>16 A. I'm not aware of who's been on,</p> <p>17 who's been off and when they've changed it.</p> <p>18 It changes over time.</p> <p>19 Q. You're using your own term, you</p> <p>20 are not using the FATF term high risk</p> <p>21 jurisdiction?</p> <p>22 A. Yes.</p> <p>23 MR. FRIEDMAN: Why don't we</p> <p>24 break for lunch.</p> <p>25 THE VIDEOGRAPHER: We are now</p>	<p>1 WALTERS</p> <p>2 AFTERNOON SESSION</p> <p>3 (Time Noted: 2:04 p.m.)</p> <p>4</p> <p>5 GARY WALTERS, resumed and testified</p> <p>6 as follows:</p> <p>7</p> <p>8 CONTINUED EXAMINATION</p> <p>9 BY MR. FRIEDMAN:</p> <p>10 THE VIDEOGRAPHER: This is tape</p> <p>11 four of the deposition of Mr. Gary</p> <p>12 Walters. We are now back on the</p> <p>13 record. The time is 2:04 p.m. Today</p> <p>14 is June 8, 2011.</p> <p>15 Q. Mr. Walters, please look at</p> <p>16 paragraph 13 of your rebuttal report. You</p> <p>17 state here that the fact that Interpal was a</p> <p>18 charity made it a high customer risk,</p> <p>19 correct?</p> <p>20 A. That's right, that's correct,</p> <p>21 yes.</p> <p>22 Q. Based on your review of the</p> <p>23 record, U.K. law enforcement knew that</p> <p>24 Interpal was a charity, correct?</p> <p>25 A. Yes, that's correct.</p>

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1 WALTERS  
2 Q. What's your basis for stating  
3 that all charities are high risk customers?  
4 A. From my experience from the  
5 various standards that get published that  
6 we've spoken about, the dealings I had with  
7 banks and regulators there is -- charities  
8 are recognized as presenting a high risk.  
9 Q. You're familiar with a charity  
10 in England known as Guide Dogs for the Blind?  
11 A. Yes.  
12 Q. Do you consider that a high  
13 risk customer because it's a charity?  
14 A. Every charity would need to be  
15 assessed separately. In my work I looked at  
16 a number of other high risk -- recognized  
17 high risk entities and the risk exists so it  
18 requires some examination to assess what's  
19 the level of risk for each individual  
20 circumstance.  
21 Q. My question is the following.  
22 Is Guide Dogs for the Blind a high risk  
23 customer for a U.K. bank, yes or no?  
24 A. I think as a charity it still  
25 exists as a high risk entity, but an

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1 WALTERS  
2 examination of it and its dealings because I  
3 think you can't look at any one particular  
4 risk element in isolation.  
5 Q. Is Guide Dogs for the Blind a  
6 high risk customer?  
7 A. I have not assessed Guide Dogs  
8 for the Blind.  
9 Q. You said all charities are high  
10 risk customers. You said Guide Dogs for the  
11 Blind is a charity, am I right, therefore  
12 according to your analysis Guide Dogs for the  
13 Blind is a high risk customer?  
14 MR. BONNER: Objection to form.  
15 A. As I explained I think per se  
16 all charities are recognized as being  
17 vulnerable to money laundering and counter  
18 terror financing in the same way as all  
19 casinos are seen as a high risk entity. That  
20 doesn't mean that all casinos are engaged in  
21 money laundering or terror financing. It  
22 doesn't mean that all politically exposed  
23 persons are high risk people. It doesn't  
24 mean that they are engaged in money  
25 laundering, terror financing or corruption.

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1 WALTERS  
2 Q. Therefore as you use the term  
3 Guide Dogs for the Blind is a high risk  
4 customer?  
5 A. In a simple assessment -- I  
6 think I have to stick with my explanation  
7 that per se all charities carry a risk of  
8 money laundering and counter terror  
9 financing.  
10 Q. You say in your report that  
11 charities present a high customer risk,  
12 correct?  
13 A. Yes.  
14 Q. Your report is truthful,  
15 correct?  
16 A. Yes.  
17 Q. Guide Dogs for the Blind is a  
18 charity, correct?  
19 A. Yes.  
20 Q. Therefore Guide Dogs for the  
21 Blind presents a high customer risk to a  
22 bank, correct?  
23 A. As I said in my previous  
24 answers, all charities are recognized as  
25 presenting a high risk.

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1 WALTERS  
2 Q. Including Guide Dogs for the  
3 Blind?  
4 A. Including all charities so  
5 Guide Dogs for the Blind being a charity  
6 would present a risk.  
7 Q. A high customer risk?  
8 A. Would present a high customer  
9 risk.  
10 Q. Are you familiar with a charity  
11 known as the Royal National Life Boat  
12 Institution?  
13 A. Yes, I am.  
14 Q. It's a charity devoted to  
15 funding rescues at sea, correct?  
16 A. Yes, it is.  
17 Q. That's a charity?  
18 A. It is.  
19 Q. So therefore in your estimation  
20 the Royal National Life Boat Institution as a  
21 bank customer is a high risk customer,  
22 correct?  
23 A. I'll answer the same way as I  
24 answered before that when you have a charity,  
25 there is a high risk of it being vulnerable

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2 to money laundering or counter terrorist  
3 financing and in your assessment -- in any  
4 assessment you should consider that risk.  
5 Q. That includes the Royal  
6 National Life Boat Institution as a charity,  
7 correct?  
8 A. In terms of looking at them  
9 from a risk perspective, I don't think that  
10 you can isolate that all the recommendations  
11 and standards say charities carry a high  
12 risk.  
13 Q. You wrote here the fact that an  
14 entity is a charity banks recognize as  
15 presenting a high customer risk, correct?  
16 A. Yes.  
17 Q. The Royal National Life Boat  
18 Institution is a charity, correct?  
19 A. Yes.  
20 Q. So therefore as you use these  
21 terms the Royal National Life Boat  
22 Institution is a high risk customer to a  
23 bank, correct?  
24 A. In doing its assessment the  
25 bank should take into account that it's a

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2 charity and therefore there is a risk of it  
3 being a route for money laundering and  
4 counter terrorism financing.  
5 Q. A high customer risk?  
6 A. Yeah, high customer risk. I'm  
7 still happy to say it's a high customer risk.  
8 Q. Are you familiar with a charity  
9 in the U.K. known as the Prince's Trust?  
10 A. I am.  
11 Q. It's a charity?  
12 A. It is.  
13 Q. Therefore as you use these  
14 terms a bank should regard the Prince's  
15 Trust as presenting a high customer risk,  
16 correct?  
17 A. Yes.  
18 Q. Look at paragraph 14 and read  
19 that to yourself. Before you do that, can I  
20 just ask you another question. Isn't there a  
21 charity in the U.K. for the benefit of  
22 retired members or injured members of the  
23 Metropolitan Police Service?  
24 A. I think there is a number of  
25 charities.

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2 Q. What's the largest?  
3 A. I don't know for certain, but I  
4 would expect it's the Police Benevolent Fund.  
5 Q. Police Benevolent Fund?  
6 A. Yes.  
7 Q. That's a charity?  
8 A. It is a charity. I believe  
9 it's a charity.  
10 Q. Does it have bank accounts do  
11 you think?  
12 A. I believe so.  
13 Q. In your view its bankers should  
14 regard that charity as presenting a high  
15 customer risk because it's a charity?  
16 A. When they first review it, they  
17 should be looking and saying that's a  
18 charity, it's fungible. Mitigating the risk  
19 is then what's important.  
20 Q. You wrote, "Banks recognize as  
21 presenting high customer risk a charity",  
22 correct?  
23 A. Yes.  
24 Q. The Police Benevolent Fund is a  
25 charity?

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2 A. It is.  
3 Q. Therefore its bankers should  
4 recognize it as presenting a high customer  
5 risk, correct?  
6 A. And then review it accordingly  
7 and assess it against all the other criteria.  
8 Q. Did you read paragraph 14 to  
9 yourself yet?  
10 A. I did.  
11 Q. These facts that you describe  
12 here were based on your review of the record  
13 known to U.K. law enforcement when it  
14 investigated Interpal, correct?  
15 A. Could you repeat that question?  
16 Q. The fact that you identify here  
17 that Interpal aggregated small deposits, sent  
18 wire transfers of larger amounts to entities  
19 abroad including many in the Palestinian  
20 territories, etc., etc., those facts based on  
21 the disclosures that you read were known to  
22 U.K. law enforcement, correct?  
23 A. Not all of the information that  
24 I have looked at was known to U.K. law  
25 enforcement. When I was looking at this I

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2 approached it using my experience from within  
3 the metropolitan police, I examined the  
4 various records and I then analyzed it,  
5 assessed it, analyzed it and drew conclusions  
6 from that. This particular paragraph is  
7 broken down in more detail throughout the  
8 report.  
9 Q. We'll come back to that then.  
10 What is your basis for stating that the use  
11 of wire transfers presents a service risk?  
12 A. From my experience in dealing  
13 with banks and all the discussions I have had  
14 with regulators, with bankers, with other  
15 regulated businesses, with MLROs and within  
16 the general standards published.  
17 Q. Look at paragraph 22 of your  
18 report. Read that to yourself. Do you  
19 believe that the goalkeeper system  
20 consistently assigned a red rating to  
21 Interpal?  
22 A. Yes.  
23 Q. What is your basis for that?  
24 A. Having looked at the records  
25 submitted, my recollection and as recorded

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2 here is that there was a red rating on those  
3 goalkeeper records.  
4 Q. You read Mr. O'Hear's  
5 deposition testimony?  
6 A. I did.  
7 Q. I'm going to show you what's  
8 been marked as Exhibit 16 which is a  
9 transcript of Mr. O'Hear's deposition  
10 testimony. I'm going to ask you to turn to  
11 page 75. I'm going to read you some  
12 testimony starting at 75, 19 and going on to  
13 78, 13.  
14 "Question: In the box below  
15 risk it says red. Could you tell me  
16 first of all do you have an  
17 understanding of what that refers to?  
18 "Answer: My understanding is  
19 that that is part of the goalkeeper  
20 system functionality so when you key  
21 in the name, then there is system  
22 calibration working in the background  
23 that allocates these risk factors,  
24 these risk ratings, call it what you  
25 will. My recollection is that

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2 functionality was not in use within  
3 the department at that time. I'm not  
4 even aware that it's in use now so  
5 these were system driven."  
6 Did you read that testimony  
7 before?  
8 A. Yes, I believe I did.  
9 Q. There is question and answer as  
10 follows.  
11 "Question: When you say that  
12 it was not used, this red indication,  
13 for lack of a better word are you  
14 saying that when group's  
15 investigations and fraud did not make  
16 use of this indication in terms of  
17 how --  
18 A. Sorry, I lost you. Where are  
19 you now?  
20 Q. 78, line 5.  
21 A. Thank you.  
22 Q. "Question: When you say it  
23 was not used, this red indication,  
24 for lack of a better word are you  
25 saying then that group investigations

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2 and fraud did not make use of this  
3 investigation in terms of how it  
4 characterized the customer that it  
5 was describing in the report?  
6 "Answer: In terms of its  
7 assessment for money laundering and  
8 terror financing cases, yes."  
9 Do you see that?  
10 A. Yes.  
11 Q. Have you read all that  
12 testimony that I just read to you, have you  
13 read that before?  
14 A. Yes, I believe I have.  
15 Q. Doesn't that indicate to you  
16 that Interpal was not assigned a red rating  
17 because that functionality was not in use at  
18 the time?  
19 MR. BONNER: Objection to form.  
20 A. Can I just re-read what you  
21 read to me. I don't have the references on  
22 the documentation, but also I'm sure I read  
23 other people saying that they were applied  
24 and they don't talk about it being system  
25 driven and it's not being used. They talk